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APPENDIX A

TENNESSEE VALLEY AUTHORITY ACT OF 1933 (C. 32, 48 STAT. 58), AS AMENDED BY ACT OF AUG. 31, 1935 (PUB. NO. 412, 74TH CONG.).

An Act To improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Alabama, in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the "Tennessee Valley Authority" (hereinafter referred to as the "Corporation"). The board of directors first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the board. This Act may be cited as the "Tennessee Valley Authority Act of 1933."

SEC. 2. (a) The board of directors of the Corporation (hereinafter referred to as the "board") shall be composed of three members, to be ap-

pointed by the President, by and with the advice and consent of the Senate. In appointing the members of the board, the President shall designate the chairman. All other officials, agents, and employees shall be designated and selected by the board.

(b) The terms of office of the members first taking office after the approval of this Act shall expire as designated by the President at the time of nomination, one at the end of the third year, one at the end of the sixth year, and one at the end of the ninth year, after the date of approval of this Act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring nine years from the date of the expiration of the term for which his predecessor was appointed.

(c) Any member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(d) Vacancies in the board so long as there shall be two members in office shall not impair the powers of the board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board.

(e) Each of the members of the board shall be a citizen of the United States and shall receive a salary at the rate of $10,000 a year, to be paid by the Corporation as current expenses. Each member of the board, in addition to his salary, shall be permitted to occupy as his residence one of the dwelling houses owned by the Government in the vicinity of Muscle Shoals, Alabama, the same to be designated by the President of the United States. Members of the board shall be reimbursed by the Corporation for actual expenses (including traveling and subsistence expenses) incurred by them in the performance of the duties vested in the board by this

Act. No member of said board shall, during his continuance in office, be engaged in any other business, but each member shall devote himself to the work of the Corporation.

(f) No director shall have financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer, or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Corporation as a producer of concentrated fertilizers or as a producer of electric power.

(g) The board shall direct the exercise of all the powers of the Corporation.

(h) All members of the board shall be persons who profess a belief in the feasibility and wisdom of this Act.

SEC. 3. The board shall, without regard to the provisions of civil-service laws applicable to officers and employees of the United States, appoint such managers, assistant managers, officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation, define their duties, require bonds of such of them as the board may designate, and provide a system of organization to fix responsibility and promote efficiency. Any appointee of the board may be removed in the discretion of the board. No regular officer or employee of the Corporation shall receive a salary in excess of that received by the members of the board.

All contracts to which the Corporation is a party and which require the employment of laborers and mechanics in the construction, alteration, maintenance, or repair of buildings, dams, locks, or other projects shall contain a provision that not less than the prevailing rate of wages for work of a similar nature prevailing in the vicinity shall be paid to such laborers or mechanics.

In the event any dispute arises as to what are the prevailing rates of wages, the question shall be referred to the Secretary of Labor for determination, and his decision shall be final. In the determination of such prevailing rate or rates due regard shall be given to those rates which have been secured through collective agreement by representatives of employers and employees.

Where such work as is described in the two preceding paragraphs is done directly by the Corporation the prevailing rate of wages shall be paid in the same manner as though such work had been let by contract.

In so far as applicable, the benefits of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this Act.

SEC. 4. Except as otherwise specifically provided in this Act, the Corporation—

(a) Shall have succession in its corporate name.

(b) May sue and be sued in its corporate name.

(c) May adopt and use a corporate seal, which shall be judicially noticed.

(d) May make contracts, as herein authorized.

(e) May adopt, amend, and repeal bylaws.

(f) May purchase or lease and hold such real and personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

The board shall select a treasurer and as many assistant treasurers as it deems proper, which treasurer and assistant treasurers shall give such bonds for the safe-keeping of the securities and moneys of the said Corporation as the board may require: *Provided,* That any member of said board may be removed from office at any time by a concurrent resolution of the Senate and the House of Representatives.

(g) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation.

(h) Shall have power in the name of the United States of America to exercise the right of eminent domain, and in the purchase of any real estate or the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the United States of America, and thereupon all such real estate shall be entrusted to the Corporation as the agent of the United States to accomplish the purposes of this Act.

(i) Shall have power to acquire real estate for the construction of dams, reservoirs, transmission lines, power houses, and other structures, and navigation projects at any point along the Tennessee River, or any of its tributaries, and in the event that the owner or owners of such property shall fail and refuse to sell to the Corporation at a price deemed fair and reasonable by the board, then the Corporation may proceed to exercise the right of eminent domain, and to condemn all property that it deems necessary for carrying out the purposes of this Act, and all such condemnation proceedings shall be had pursuant to the provisions and requirements hereinafter specified, with reference to any and all condemnation proceedings: *Provided,* That nothing contained herein or elsewhere in this Act shall be construed to deprive the Corporation of the rights conferred by the Act of February 26, 1931 (46 Stat. 1422, ch. 307, secs. 1 to 5, inclusive), as now compiled in sections 258a to 258e, inclusive, of title 40 of the United States Code. (As amended.)

(j) Shall have power to construct such dams and reservoirs in the Tennessee River and its tributaries, as in conjunction with Wilson Dam, and Norris, Wheeler, and Pickwick Landing Dams, now under construction, will provide a nine-foot channel in the said river and maintain a water supply for the same, from Knoxville to its mouth, and will

best serve to promote navigation on the Tennessee River and its tributaries and control destructive flood waters in the Tennessee and Mississippi River drainage basins; and shall have power to acquire or construct power houses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries, and to unite the various power installations into one or more systems by transmission lines. The directors of the Authority are hereby directed to report to Congress their recommendations not later than April 1, 1936, for the unified development of the Tennesese River system. (As amended.)

(k) At any time before the expiration of five years from the date when this section, as amended, becomes law may in the name of and as agent for the United States and subject to approval of the President, dispose of any of such real property as in the judgment of the board may be no longer necessary in carrying out the purposes of this Act, but no land shall be conveyed on which there is a permanent dam, hydraulic power plant, fertilizer plant, or munitions plant, heretofore or hereafter built by or for the United States or for the Authority. (Subdivision added by amendment.)

(l) Shall have power to advise and cooperate in the readjustment of the population displaced by the construction of dams, the acquisition of reservoir areas, the protection of watersheds, the acquisition of rights-of-way, and other necessary acquisitions of land, in order to effectuate the purposes of the Act; and may cooperate with Federal, state, and local agencies to that end. (Subsection added by amendment.)

SEC. 5. The board is hereby authorized—

(a) To contract with commercial producers for the production of such fertilizers or fertilizer materials as may be needed in the Government's program of development and introduction in excess of of that produced by Government plants. Such contracts may provide either for outright pur-

chase of materials by the board or only for the payment of carrying charges on special materials manufactured at the board's request for its program.

(b) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce.

(c) To cooperate with National, State, district, or county experimental stations or demonstration farms, with farmers, landowners, and associations of farmers or landowners, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction, and for promoting the prevention of soil erosion by the use of fertilizers and otherwise. (As amended.)

(d) The board in order to improve and cheapen the production of fertilizer is authorized to manufacture and sell fixed nitrogen, fertilizer, and fertilizer ingredients at Muscle Shoals by the employment of existing facilities, by modernizing existing plants, or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen or the cheapening of the production of fertilizer.

(e) Under the authority of this Act the board may make donations or sales of the product of the plant or plants operated by it to be fairly and equitably distributed through the agency of county demonstration agents, agricultural colleges, or otherwise as the board may direct, for experimentation, education, and introduction of the use of such products in cooperation with practical farmers so as to obtain information as to the value, effect, and best methods of their use.

(f) The board is authorized to make alterations, modifications, or improvements in existing plants and facilities, and to construct new plants.

(g) In the event it is not used for the fixation of nitrogen for agricultural purposes or leased, then

the board shall maintain in stand-by condition nitrate plant numbered 2, or its equivalent, for the fixation of atmospheric nitrogen, for the production of explosives in the event of war or a national emergency, until the Congress shall by joint resolution release the board from this obligation, and if any part thereof be used by the board for the manufacture of phosphoric acid or potash, the balance of nitrate plant numbered 2 shall be kept in stand-by condition.

(h) To establish, maintain, and operate laboratories and experimental plants, and to undertake experiments for the purpose of enabling the Corporation to furnish nitrogen products for military purposes, and nitrogen and other fertilizer products for agricultural purposes in the most economical manner and at the highest standard of efficiency.

(i) To request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Corporation the better to carry out its powers successfully, and as far as practicable shall utilize the services of such officers, agents, and employees, and the President shall, if in his opinion the public interest, service, or economy so require, direct that such assistance, advice, and service be rendered to the Corporation, and any individual that may be by the President directed to render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board: *Provided,* That any invention or discovery made by virtue of and incidental to such service by an employee of the Government of the United States serving under this section, or by any employee of the Corporation, together with any patents which may be granted thereon, shall be the sole and exclusive property of the Corporation, which is hereby authorized to grant such licenses thereunder as shall be authorized by the board: *Provided further,* That the

board may pay to such inventor such sum from the income from sale of licenses as it may deem proper.

(j) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

(k) Upon the requisition of the Secretary of War, the Corporation shall allot and deliver without charge to the War Department so much power as shall be necessary in the judgment of said Department for use in operation of all locks, lifts, or other facilities in aid of navigation.

(l) To produce, distribute, and sell electric power as herein particularly specified.

(m) No products of the Corporation shall be sold for use outside of the United States, its Territories, and possessions, except to the United States Government for the use of its Army and Navy, or to its allies in case of war.

(n) The President is authorized, within twelve months after the passage of this Act, to lease to any responsible farm organization, or to any corporation organized by it, nitrate plant numbered 2 and Waco Quarry, together with the railroad connecting said quarry with nitrate plant numbered 2, for a term not exceeding fifty years at a rental of not less than $1 per year, but such authority shall be subject to the express condition that the lessee shall use said property during the term of said lease exclusively for the manufacture of fertilizer and fertilizer ingredients to be used only in the manufacture of fertilizer by said lessee and sold for use as fertilizer. The said lessee shall covenant to keep said property in first-class condition, but the lessee shall be authorized to modernize said plant numbered 2 by the installation of such machinery as may be necessary, and is authorized to amortize the cost of said machinery and improvements over the term of said lease or any part thereof. Said lease shall also provide that the board

shall sell to the lessee power for the operation of said plant at the same schedule of prices that it charges all other customers for power of the same class and quantity. Said lease shall also provide that, if the said lessee does not desire to buy power of the publicly owned plant, it shall have the right to purchase its power for the operation of said plant of the Alabama Power Company or any other publicly or privately owned corporation engaged in the generation and sale of electric power, and in such case the lease shall provide further that the said lessee shall have a free right of way to build a transmission line over Government property to said plant, paying the actual expenses and damages, if any, incurred by the Corporation on account of such line. Said lease shall also provide that the said lessee shall covenant that during the term of said lease the laid lessee shall not enter into any illegal monopoly, combination, or trust with any privately owned corporation engaged in the manufacture, production, and sale of fertilizer with the object or effect of increasing the price of fertilizer to the farmer.

SEC. 6. In the appointment of officials and the selection of employees for said Corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is found by the President of the United States to be guilty of a violation of this section shall be removed from office by the President of the United States, and any appointee of said board who is found by the board to be guilty of a violation of this section shall be removed from office by said board.

SEC. 7. In order to enable the Corporation to exercise the powers and duties vested in it by this Act—

(a) The exclusive use, possession, and control of the United States nitrate plants numbered 1 and 2, including steam plants, located, respectively, at Sheffield, Alabama, and Muscle Shoals, Alabama, together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco limestone quarry, in Alabama, and Dam Numbered 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof, and all other property to be acquired by the Corporation in its own name or in the name of the United States of America, are hereby intrusted to the Corporation for the purposes of this Act.

(b) The President of the United States is authorized to provide for the transfer to the Corporation of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the Corporation as herein stated.

SEC. 8. (a) The Corporation shall maintain its principal office in the immediate vicinity of Muscle Shoals, Alabama. The Corporation shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to the venue of civil suits.

(b) The Corporation shall at all times maintain complete and accurate books of accounts.

(c) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this Act.

SEC. 9. (a) The board shall file with the President and with the Congress, in December of each year, a financial statement and a complete report as to the business of the Corporation covering the preceding governmental fiscal year. This report shall include an itemized statement of the cost of power at each power station, the total number of employees and the names, salaries, and duties of those receiving compensation at the rate of more than $1,500 a year.

(b) All purchases and contracts for supplies or services, except for personal services, made by the Corporation, shall be made after advertising, in such manner and at such times sufficiently in advance of opening bids, as the board shall determine to be adequate to insure notice and opportunity for competition: *Provided,* That advertisment shall not be required when, (1) an emergency requires immediate delivery of the supplies or performance of the services; or (2) repair parts, accessories, supplemental equipment, or services are required for supplies or services previously furnished or contracted for; or (3) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed $500; in which cases such purchases of supplies or procurement of services may be made in the open market in the manner common among business men: *Provided further,* That in comparing bids and in making awards the board may consider such factors as relative quality and adaptability of supplies or services, the bidder's financial responsibility, skill, experience, record of integrity in dealing, ability to furnish repairs and maintenance services, the time of delivery or performance offered, and whether the bidder has complied with the specifications.

The Comptroller General of the United States shall audit the transactions of the Corporation at such times as he shall determine, but not less frequently than once each governmental fiscal year,

with personnel of his selection. In such connection he and his representatives shall have free and open access to all papers, books, records, files, accounts, plants, warehouses, offices, and all other things, property, and places belonging to or under the control of or used or employed by the Corporation, and shall be afforded full facilities for counting all cash and verifying transactions with and balances in depositaries. He shall make report of each such audit in quadruplicate, one copy for the President of the United States, one for the chairman of the board, one for public inspection at the principal office of the Corporation, and the other to be retained by him for the uses of the Congress: *Provided,* That such report shall not be made until the Corporation shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General of the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement, which shall be submitted by the Comptroller General with his report. The expenses for each such audit shall be paid from any appropriation or appropriations for the General Accounting Office, and such part of such expenses as may be allocated to the cost of generating, transmitting, and distributing electric energy shall be reimbursed promptly by the Corporation as billed by the Comptroller General. The Comptroller General shall make special report to the President of the United States and to the Congress of any transaction or condition found by him to be in conflict with the powers or duties entrusted to the Corporation by law. (As amended.)

SEC. 9a. The board is hereby directed in the operation of any dam or reservoir in its possession and control to regulate the stream flow primarily for the purposes of promoting navigation and controlling floods. So far as may be consistent with such purposes, the board is authorized to provide and operate facilities for the generation of electric

energy at any such dam for the use of the Corporation and for the use of the United States or any agency thereof; and the board is further authorized, whenever an opportunity is afforded, to provide and operate facilities for the generation of electric energy in order to avoid the waste of water power, to transmit and market such power as in this act provided, and thereby, so far as may be practicable, to assist in liquidating the cost or aid in the maintenance of the projects of the Authority. (Section added by amendment.)

SEC. 10. The board is hereby empowered and authorized to sell the surplus power not used in its operations, and for operation of locks and other works generated by it, to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth; and to carry out said authority, the board is authorized to enter into contracts for such sale for a term not exceeding twenty years, and in the sale of such current by the board it shall give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members: *Provided,* That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon five years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities. In order to promote and encourage the fullest possible use of electric light and power on farms within reasonable distance of any of its transmission lines the board in its discretion shall have power to construct transmission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates, and to make such rules and regulations governing such sale and distribu-

tion of such electric power as in its judgment may be just and equitable: *Provided further,* That the board is hereby authorized and directed to make studies, experiments, and determinations to promote the wider and better use of electric power for agricultural and domestic use, or for small or local industries, and it may cooperate with State governments, or their subdivisions or agencies, with educational or research institutions, and with cooperatives or other organizations, in the application of electric power to the fuller and better balanced development of the resources of the region: *Provided further,* That the board is authorized to include in any contract for the sale of power such terms and conditions, including resale rate schedules, and to provide for such rules and regulations as in its judgment may be necessary or desirable for carrying out the purposes of this Act, and in case the purchaser shall fail to comply with any such terms and conditions, or violate any such rules and regulations, said contract may provide that it shall be voidable at the election of the board: *Provided further,* That in order to supply farms and small villages with electric power directly as contemplated by this section, the board in its discretion shall have power to acquire existing electric facilities used in serving such farms and small villages: *And provided further,* That the terms " States ", " counties ", and " municipalities " as used in this Act shall be construed to include the public agencies of any of them unless the context requires a different construction. (As amended.)

SEC. 11. It is hereby declared to be the policy of the Government so far as practical to distribute and sell the surplus power generated at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance. This policy is further declared to be that the projects herein provided for shall be considered primarily as for the benefit of the people of the section as a

whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity. It is further hereby declared to be the policy of the Government to utilize the Muscle Shoals properties so far as may be necessary to improve, increase, and cheapen the production of fertilizer and fertilizer ingredients by carrying out the provisions of this Act.

SEC. 12. In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power, it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power, or from funds secured by the sale of bonds hereafter provided for, to construct, lease, purchase, or authorize the construction of transmission lines within transmission distance from the place where generated, and to interconnect with other systems. The board is also authorized to lease to any person, persons, or corporation the use of any transmission line owned by the Government and operated by the board, but no such lease shall be made that in any way interferes with the use of such transmission line by the board: *Provided,* that if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct and maintain a properly designed and built transmission line to the Government reservation upon which is located a Government generating plant, or to a main transmission line owned by the Govern-

ment or leased by the board and under the control of the board, the board is hereby authorized and directed to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding thirty years; and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further,* That all contracts entered into between the Corporation, and any municipality or other political subdivision or cooperative organization, shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such contract shall be voidable at the election of the board if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision or cooperative organization: *And provided further,* That as to any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the board shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be made to the ultimate consumer of such electric power at prices that shall not exceed a schedule fixed by the board from time to time as reasonable, just, and fair; and in case of any such sale, if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the board, the contract for such sale between the board and such distributor of electricity shall be voidable at the election of the board: *And provided further,*

That the board is hereby authorized to enter into contracts with other power systems for the mutual exchange of unused excess power upon suitable terms, for the conservation of stored water, and as an emergency or break-down relief.

SEC. 12a. In order (1) to facilitate the disposition of the surplus power of the Corporation according to the policies set forth in this Act; (2) to give effect to the priority herein accorded to States, counties, municipalities, and nonprofit organizations in the purchase of such power by enabling them to acquire facilities for the distribution of such power; and (3) at the same time to preserve existing distribution facilities as going concerns and avoid duplication of such facilities, the board is authorized to advise and cooperate with and assist, by extending credit for a period of not exceeding five years to States, counties, and municipalities and nonprofit organizations situated within transmission distance from any dam where such power is generated by the Corporation in acquiring, improving, and operating (a) existing distribution facilities and incidental works, including generating plants; and (b) interconnecting transmission lines; or in acquiring any interest in such facilities, incidental works, and lines. (Section added by amendment.)

SEC. 13. Five per centum of the gross proceeds received by the board for the sale of power generated at Dam Numbered 2, or from and other hydropower plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 per centum of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam located in the State of Tennessee, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much additional power is thereby generated at Dam Numbered 2 and at any other dam hereafter constructed by the

Government of the United States on the Tennessee River, in the State of Alabama, or in the State of Tennessee, and from the gross proceeds of the sale of such additional power 2½ per centum shall be paid to the State of Alabama and 2½ per centum to the State of Tennessee. These percentages shall apply to any other dam that may hereafter be constructed and controlled and operated by the board on the Tennessee River or any of its tributaries, the main purpose of which is to control flood waters and where the development of electric power is incidental to the operation of such flood-control dam. In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennessee, the board shall not take into consideration the proceeds of any power sold or delivered to the Government of the United States, or any department or agency of the Government of the United States, used in the operation of any locks on the Tennessee River or for any experimental purposes, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose: *Provided,* That the percentages to be paid to the States of Alabama and Tennessee, as provided in this section, shall be subject to revision and change by the board, and any new percentages established by the board, when approved by the President, shall remain in effect until and unless again changed by the board with the approval of the President. No change of said percentages shall be made more often than once in five years, and no change shall be made without giving to the States of Alabama and Tennessee an opportunity to be heard.

SEC. 14. The board shall make a thorough investigation as to the present value of Dam Numbered 2, and the steam plants at nitrate plant numbered 1, and nitrate plant numbered 2, and as to the cost of Cove Creek Dam, for the purpose of ascertaining how much of the value or the cost of said prop-

erties shall be allocated and charged up to (1) flood control, (2) navigation, (3) fertilizer, (4) national defense, and (5) the development of power. The findings thus made by the board, when approved by the President of the United States, shall be final, and such findings shall thereafter be used in all allocations of value for the purpose of keeping the book value of said properties. In like manner, the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said board for the purpose of control and management shall be ascertained and allocated.

The board shall, on or before January 1, 1937, file with Congress a statement of its allocation of the value of all such properties turned over to said Board and which have been completed prior to the end of the preceding fiscal year, and shall thereafter in its annual report to Congress file a statement of its allocation of the value of such properties as have been completed during the preceding fiscal year.

For the purpose of accumulating data useful to the Congress in the formulation of legislative policy in matters relating to the generation, transmission, and distribution of electric energy and the production of chemicals necessary to national defense and useful in agriculture, and to the Federal Power Commission and other Federal and State agencies, and to the public, the board shall keep complete accounts of its costs of generation, transmission, and distribution of electric energy and shall keep a complete account of the total cost of generating and transmission facilities constructed or otherwise acquired by the Corporation, and of producing such chemicals, and a description of the major components of such costs according to such uniform system of accounting for public utilities as the Federal Power Commission has, and if it have none, then it is hereby empowered and directed to prescribe such uniform system of accounting, together with records of such other phys-

ical data and operating statistics of the Authority as may be helpful in determining the actual cost and value of services, and the practices, methods, facilities, equipment, appliances, and standards and sizes, types, location, and geographical and economic integration of plants and systems best suited to promote the public interest, efficiency, and the wider and more economical use of electric energy. Such data shall be reported to the Congress by the board from time to time with appropriate analyses and recommendations, and, so far as practicable, shall be made available to the Federal Power Commission and other Federal and State agencies which may be concerned with the administration of legislation relating to the generation, transmission, or distribution of electric energy and chemicals useful to agriculture. It is hereby declared to be the policy of this Act that, in order, as soon as practicable, to make the power projects self-supporting and self-liquidating, the surplus power shall be sold at rates which, in the opinion of the board, when applied to the normal capacity of the Authority's power facilities, will produce gross revenues in excess of the cost of production of said power and in addition to the statement of the cost of power at each power station as required by section 9 (a) of the "Tennessee Valley Act of 1933", the board shall file with each annual report a statement of the total cost of all power generated by it at all power stations during each year, the average cost of such power per kilowatt-hour, the rates at which sold, and to whom sold, and copies of all contracts for the sale of power. (As amended.)

SEC. 15. In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation or transmission of electric power the board is hereby authorized and empowered to issue on the credit of the United States and to sell serial bonds not exceeding $50,000,000 in amount, having a maturity not more

than fifty years from the date of the issue thereof, and bearing interest not exceeding 3½ per centum per annum. Said bonds shall be issued and sold in amounts and prices approved by the Secretary of the Treasury, but all such bonds as may be so issued and sold shall have equal rank. None of said bonds shall be sold below par, and no fee, commission, or compensation whatever shall be paid to any person, firm, or corporation for handling, negotiating the sale, or selling the said bonds. All of such bonds so issued and sold shall have all the rights and privileges accorded by law to Panama Canal bonds, authorized by section 8 of the act of June 28, 1902, chapter 1302, as amended by the act of December 21, 1905 (ch. 3, sec. 1, 34 Stat. 5), as now compiled in section 743 of title 31 of the United States Code. All funds derived from the sale of such bonds shall be paid over to the Corporation.

SEC. 15a. With the approval of the Secretary of the Treasury, the Corporation is authorized to issue bonds not to exceed in the aggregate $50,000,000 outstanding at any one time, which bonds may be sold by the Corporation to obtain funds to carry out the provisions of section 12a of this Act. Such bonds shall be in such forms and denominations, shall mature within such periods not more than fifty years from the date of their issue, may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein, shall bear such rates of interest not exceeding 3½ per centum per annum, shall be subject to such terms and conditions, shall be issued in such manner and amount, and sold at such prices, as may be prescribed by the Corporation with the approval of the Secretary of the Treasury: *Provided,* That such bonds shall not be sold at such prices or on such terms as to afford an investment yield to the holders in excess of 3½ per centum per annum. Such bonds shall be fully and uncondi-

tionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation should not pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. With the approval of the Secretary of the Treasury, the Corporation shall have power to purchase such bonds in the open market at any time and at any price. No bonds shall be issued hereunder to provide funds or bonds necessary for the performance of any proposed contract negotiated by the Corporation under the authority of section 12a of this Act until the

proposed contract shall have been submitted to and approved by the Federal Power Commission. When any such proposed contract shall have been submitted to the said Commission, the matter shall be given precedence and shall be in every way expedited and the Commission's determination of the matter shall be final. The authority of the Corporation to issue bonds hereunder shall expire at the end of five years from the date when this section as amended herein becomes law, except that such bonds may be issued at any time after the expiration of said period to provide bonds or funds necessary for the performance of any contract entered into by the Corporation, prior to the expiration of said period, under the authority of section 12a of this Act. (Section added by amendment.)

SEC. 16. The board, whenever the President deems it advisable, is hereby empowered and directed to complete Dam Numbered 2 at Muscle Shoals, Alabama, and the steam plant at nitrate plant numbered 2, in the vicinity of Muscle Shoals, by installing in Dam Numbered 2 the additional power units according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant numbered 2.

SEC. 17. The Secretary of War, or the Secretary of the Interior, is hereby authorized to construct, either directly or by contract to the lowest responsible bidder, after due advertisement, a dam in and across Clinch River in the State of Tennessee, which has by long custom become known and designated as the Cove Creek Dam, together with a transmission line from Muscle Shoals, according to the latest and most approved designs, including power house and hydroelectric installations and equipment for the generation of power, in order that the waters of said Clinch River may be impounded and stored above said dam for the purpose of increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be

developed at Dam Numbered 2 and at any and all other dams below the said Cove Creek Dam: *Provided, however,* That the President is hereby authorized by appropriate order to direct the employment by the Secretary of War, or by the Secretary of the Interior, of such engineer or engineers as he may designate, to perform such duties and obligations as he may deem proper, either in the drawing of plans and specifications for said dam, or to perform any other work in the building or construction of the same. The President may, by such order, place the control of the construction of said dam in the hands of such engineer or engineers taken from private life as he may desire: *And provided further,* That the President is hereby expressly authorized, without regard to the restriction or limitation of any statute, to select attorneys and assistants for the purpose of making any investigation as he may deem proper to ascertain whether, in the control and management of Dam Numbered 2, or any other dam or property owned by the Government in the Tennessee River Basin, or in the authorization of any improvement therein, there has been any undue or unfair advantage given to private persons, partnerships, or corporations by any officials or employees of the Government, or whether in any such matters the Government has been injured or unjustly deprived of any of its rights.

SEC. 18. In order to enable and empower the Secretary of War, the Secretary of the Interior, or the board to carry out the authority hereby conferred in the most economical and efficient manner, he or it is hereby authorized and empowered in the exercise of the powers of national defense in aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain for all purposes of this Act and to condemn all lands, easements, rights-of-way, and other area necessary in order to obtain a

site for said Cove Creek Dam, and the flowage rights for the reservoir of water above said dam, and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies, and with railroads, railroad corporations, common carriers, and all public-utility commissions, and any other person, firm, or corporation, for the relocation of railroad tracts, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this Act. When said Cove Creek Dam, transmission line, and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the corporation for use and operation in connection with the general Tennessee Valley project and to promote flood control and navigation in the Tennessee River.

SEC. 19. The Corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the Corporation to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the Corporation shall have as the exclusive remedy a cause of action against the Corporation, to be instituted and prosecuted on the equity side of the appropriate district court of the United States for the recovery of reasonable compensation for such infringement. The Commissioner of Patents shall

furnish to the Corporation, at its request and without payment of fees, copies of documents on file in his office: *Provided,* That the benefits of this section shall not apply to any art, machine, method of manufacture, or compensation of matter discovered or invented by such employee during the time of his employment or service with the Corporation or with the Government of the United States.

SEC. 20. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this Act for the purpose of manufacturing explosives or for other war purposes; but, if this right is exercised by the Government, it shall pay the reasonable and fair damages that may be suffered by any party whose contract for the purchase of electric power or fixed nitrogen or fertilizer ingredients is hereby violated, after the amount of the damages has been fixed by the United States Court of Claims in proceedings instituted and conducted for that purpose under rules prescribed by the court.

SEC. 21. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States intrusted to the Corporation.

(b) Any person who, with intent to defraud the Corporation, or to deceive any director, officer, or employee of the Corporation or any officer or employee of the United States (1) makes any false entry in any book of the Corporation, or (2) makes any false report or statement for the Corporation, shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than five years, or both.

(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Corporation or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than $5,000 or imprisoned not more than five years, or both.

SEC. 22. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and of such adjoining territory as may be related to or materially affected by the development consequent to this Act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized, by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds, or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby, or subdivisions or agencies of such States, or with cooperative or other organizations, and to make such studies, experiments, or demonstrations as may be necessary and suitable to that end.

SEC. 23. The President shall, from time to time, as the work provided for in the preceding section progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section, and for the especial purpose of bringing about in said Tennessee drainage basin and adjoining territory in conformity

with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the economic and social well-being of the people living in said river basin.

SEC. 24. For the purpose of securing any rights of flowage, or obtaining title to or possession of any property, real or personal, that may be necessary or may become necessary, in the carrying out of any of the provisions of this Act, the President of the United States for a period of three years from the date of the enactment of this Act, is hereby authorized to acquire title in the name of the United States to such rights or such property, and to provide for the payment for same by directing the board to contract to deliver power generated at any of the plants now owned or hereafter owned or constructed by the Government or by said Corporation, such future delivery of power to continue for a period not exceeding thirty years. Likewise, for one year after the enactment of this Act, the President is further authorized to sell or lease any parcel or part of any vacant real estate now owned by the Government in said Tennessee River Basin to persons, firms, or corporations who shall contract to erect thereon factories or manufacturing establishments, and who shall contract to purchase of said Corporation electric power for the operation of any such factory or manufacturing establishment. No contract shall be made by the President for the sale of any of such real estate as may be necessary for present or future use on the part of the Government for any of the purposes of this Act. Any such contract made by the President of the United States shall be carried out by the board: *Provided,* That no such contract shall be

made that will in any way abridge or take away the preference right to purchase power given in this Act to States, counties, municipalities, or farm organizations: *Provided further,* That no lease shall be for a term to exceed fifty years: *Provided further,* That any sale shall be on condition that said land shall be used for industrial purposes only.

SEC. 25. The Corporation may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights-of-way which, in the opinion of the Corporation, are necessary to carry out the provisions of this Act. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right-of-way, or other interest, or any part thereof, is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree quieting the title thereto in the United States of America.

Upon the filing of a petition for condemnation and for the purpose of ascertaining the value of the property to be acquired, and assessing the compensation to be paid, the court shall appoint three commissioners who shall be disinterested persons and who shall take and subscribe an oath that they do not own any lands, or interest or easement in any lands, which it may be desirable for the United States to acquire in the furtherance of said project, and such commissioners shall not be selected from the locality wherein the land sought to be condemned lies. Such commissioners shall receive a per diem of not to exceed $15 for their services, together with an additional amount of $5 per day for subsistence for time actually spent in performing their duties as commissioners.

It shall be the duty of such commissioners to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such appropriate steps as

may be proper for the determination of the value of the said lands sought to be condemned, and for such purpose the commissioners are authorized to administer oaths and subpœna witnesses, which said witnesses shall receive the same fees as are provided for witnesses in the Federal courts. The said commissioners shall thereupon file a report setting forth their conclusions as to the value of the said property sought to be condemned, making a separate award and valuation in the premises with respect to each separate parcel involved. Upon the filing of such award in court the clerk of said court shall give notice of the filing of such award to the parties to said proceeding, in manner and form as directed by the judge of said court.

Either or both parties may file exceptions to the award of said commissioners within twenty days from the date of the filing of said award in court. Exceptions filed to such award shall be heard before three Federal district judges unless the parties, in writing, in person, or by their attorneys, stipulate that the exceptions may be heard before a lesser number of judges. On such hearing such judges shall pass de novo upon the proceedings had before the commissioners, may view the property, and may take additional evidence. Upon such hearings the said judges shall file their own award, fixing therein the value of the property sought to be condemned, regardless of the award previously made by the said commissioners.

At any time within thirty days from the filing of the decision of the district judges upon the hearing on exceptions to the award made by the commissioners, either party may appeal from such decision of the said judges to the circuit court of appeals, and the said circuit court of appeals shall upon the hearing on said appeal dispose of the same upon the record, without regard to the awards or findings theretofore made by the commissioners or the district judges, and such circuit court of

appeals shall thereupon fix the value of the said property sought to be condemned.

Upon acceptance of an award by the owner of any property herein provided to be appropriated, and the payment of the money awarded or upon the failure of either party to file exceptions to the award of the commissioners within the time specified, or upon the award of the commissioners, and the payment of the money by the United States pursuant thereto, or the payment of the money awarded into the registry of the court by the Corporation, the title to said property and the right to the possession thereof shall pass to the United States, and the United States shall be entitled to a writ in the same proceeding to dispossess the former owner of said property, and all lessees, agents, and attorneys of such former owner, and to put the United States, by its corporate creature and agent, the Corporation, into possession of said property.

In the event of any property owned in whole or in part by minors, or insane persons, or incompetent persons, or estates of deceased persons, then the legal representatives of such minors, insane persons, incompetent persons, or estates shall have power, by and with the consent and approval of the trial judge in whose court said matter is for determination, to consent to or reject the awards of the commissioners herein provided for, and in the event that there be no legal representatives, or that the legal representatives for such minors, insane persons, or incompetent persons shall fail or decline to act, then such trial judge may, upon motion, appoint a guardian ad litem to act for such minors, insane persons, or incompetent persons, and such guardian ad litem shall act to the full extent and to the same purpose and effect as his ward could act, if competent, and such guardian ad litem shall be deemed to have full power and authority to respond, to conduct, or to maintain any

proceeding herein provided for affecting his said ward.

SEC. 26. Commencing July 1, 1936, the proceeds for each fiscal year derived by the board from the sale of power or any other products manufactured by the Corporation, and from any other activities of the Corporation including the disposition of any real or personal property, shall be paid into the Treasury of the United States at the end of each calendar year, save and except such part of such proceeds as in the opinion of the board shall be necessary for the Corporation in the operation of dams and reservoirs, in conducting its business in generating, transmitting, and distributing electric energy and in manufacturing, selling, and distributing fertilizer and fertilizer ingredients. A continuing fund of $1,000,000 is also excepted from the requirements of this section and may be withheld by the board to defray emergency expenses and to insure continuous operation: *Provided,* That nothing in this section shall be construed to prevent the use by the board, after June 30, 1936, of proceeds accruing prior to July 1, 1936, for the payment of obligations lawfully incurred prior to such latter date. (As amended.)

SEC. 26a. The unified development and regulation of the Tennessee River system requires that no dam, appurtenant works, or other obstruction affecting navigation, flood control, or public lands or reservations shall be constructed, and thereafter operated or maintained across, along, or in the said river or any of its tributaries until plans for such construction, operation, and maintenance shall have been submitted to and approved by the board; and the construction, commencement of construction, operation, or maintenance of such structures without such approval is hereby prohibited. When such plans shall have been approved, deviation therefrom either before or after completion of such structures is prohibited unless the modification of

such plans has previously been submitted to and approved by the board.

In the event the board shall, within sixty days after their formal submission to the board, fail to approve any plans or modifications, as the case may be, for construction, operation, or maintenance of any such structures on the Little Tennessee River, the above requirements shall be deemed satisfied, if upon application to the Secretary of War, with due notice to the Corporation, and hearing thereon, such plans or modifications are approved by the said Secretary of War as reasonably adequate and effective for the unified development and regulation of the Tennessee River system.

Such construction, commencement of construction, operation, or maintenance of any structures or parts thereof in violation of the provisions of this section may be prevented, and the removal or discontinuation thereof required by the injunction or order of any district court exercising jurisdiction in any district in which such structures or parts thereof may be situated, and the Corporation is hereby authorized to bring appropriate proceedings to this end.

The requirements of this section shall not be construed to be a substitute for the requirements of any other law of the United States or of any State, now in effect or hereafter enacted, but shall be in addition thereto, so that any approval, license, permit, or other sanction now or hereafter required by the provisions of any such law for the construction, operation, or maintenance of any structures whatever, except such as may be constructed, operated, or maintained by the Corporation, shall be required, notwithstanding the provisions of this section. (Section added by amendment.)

SEC. 27. All appropriations necessary to carry out the provisions of this Act are hereby authorized.

SEC. 28. That all Acts or parts of Acts in conflict herewith are hereby repealed, so far as they affect the operations contemplated by this Act.

SEC. 29. The right to alter, amend, or repeal this Act is hereby expressly declared and reserved, but no such amendment or repeal shall operate to impair the obligation of any contract made by said Corporation under any power conferred by this Act.

SEC. 30.[1] The sections of this Act are hereby declared to be separable, and in the event any one or more sections of this Act be held to be unconstitutional, the same shall not affect the validity of other sections of this Act.

SEC. 31. This Act shall be liberally construed to carry out the purposes of Congress to provide for the disposition of *and make needful rules and regulations respecting Government properties* entrusted to the Authority, provide for the national defense, improve navigation, control destructive floods, and promote interstate commerce and the general welfare, but no real estate shall be held except what is necessary in the opinion of the board to carry out plans and projects actually decided upon requiring the use of such land: *Provided,* That any land purchased by the Authority and not necessary to carry out plans and projects actually decided upon shall be sold by the Authority as agent of the United States, after due advertisement, at public auction to the highest bidder, or at private sale as provided in section 4 (k) of this Act. (Section added by amendment.)

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[1] Section 15 of the amendatory Act provides as follows: "That the sections of this Act are hereby declared to be separable, and in the event of any one or more sections of this Act, or parts thereof, be held to be unconstitutional, such holding shall not affect the validity of other sections or parts of this Act."

APPENDIX B

SENATE REPORT NO. 23

(73d Cong. 1st sess.)

MUSCLE SHOALS AND TENNESSEE VALLEY DEVELOPMENT

The Senate Committee on Agriculture and Forestry, to which was referred the bill S. 1272, "To improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes", having had the same under consideration, beg leave to report it back to the Senate, with the following amendments:

On page 7, line 2, after the word "donations" insert "or sales."

On page 22, line 18, strike out the numeral "24" and insert in lieu thereof "23."

As thus amended, the committee unanimously recommends that the bill be passed.

The bill, as thus reported, with the exception hereafter referred to, is practically the same bill that the committee has reported at various times during the last 12 years. In brief, the bill provides:

(1) For the organization of a governmental corporation called "The Tennessee Valley Authority." To this corporation is given broad authority to have general supervision, within certain limitations pro-

vided for in the bill, of all property of all kinds now owned by the Government at Muscle Shoals and elsewhere in the Tennessee Valley.

(2) That the building of Cove Creek Dam, mainly a flood-control and navigation proposition, shall be constructed by the Government and turned over to said corporation for control and operation.

(3) Provision is made for the operation of all locks on the Tennessee River.

(4) For the operation of experimental plants on a larger scale than has ever before been undertaken in the history of the world, for the purpose of discovering new methods of production of fertilizers, with the object of cheapening the cost of fertilizers, not only to the farmers in the Tennessee Valley, but everywhere in the Nation.

(5) That the surplus power not used for governmental purposes and for fertilizer purposes shall be sold to the people anywhere within transmission distance from the place where it is generated. In the sale of this surplus power, preference is given to States, counties, municipalities, and farm organizations, organized not for profit but for the purpose of obtaining cheap light and power for their members.

(6) Any power not thus disposed of or used by the Government in fertilizer operations shall be sold to private corporations for distribution to their customers. The bill contains a provision that in the sale of power to private corporations for distribution and sale to their customers, such sale shall be at a price to be deemed fair and just by the corporation.

(7) The new provision of the bill provides that for the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin, the President is authorized within the limitations of appropriations made therefor by Congress to make such surveys and general plans for such Tennessee River drainage basin as may

be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds or through the guidance and control of public authority. The President is authorized in making such surveys and plans to cooperate with the States affected thereby.

The object of this survey to be made by the President is for the general purpose of bringing about in said Tennessee River drainage basin, in conformity with said general purposes—

(1) The maximum amount of flood control.

(2) The maximum development of said Tennessee River for navigation purposes.

(3) The maximum generation of electric power consistent with flood control and navigation.

(4) The proper use of marginal lands.

(5) The proper method of reforestation of all lands in said drainage basin suitable for reforestation.

(6) The most practical method of improving agricultural conditions in the valleys of said drainage basin.

The President is also authorized to enter into contracts with any person or corporation for the purpose of obtaining title to any rights or property that may be necessary in carrying out the purposes of this bill, to contract with such owners for the payment of such rights by the delivery to such owners of power generated by the Government at any of its generating plants.

In general, the bill provides for a comprehensive method of development of the Tennessee Valley insofar as such development is of national concern in the proper use and control of the rivers and valleys of the entire Nation.

APPENDIX C

HOUSE REPORT NO. 48

(73d Cong. 1st sess.)

MUSCLE SHOALS

It was in the year 1824 that the Tennessee River navigation and Muscle Shoals question first made its appearance as a Federal problem. In that year President Monroe submitted to Congress the report of Secretary of War John C. Calhoun, recommending a survey of said river, looking to improve its navigation around the Muscle Shoals rapids, in aid of commerce and military operations. Alabama appropriated the proceeds of the sale of 40,000 acres of public lands that had been donated to that State by the Federal Government. From that day to this the subject has, from time to time, engaged the attention of the Nation. Finally, in the year 1916, the following provision was inserted in the National Defense Act, as section 124:

> SEC. 124. NITRATE SUPPLY.—The President of the United States is hereby authorized and empowered to make, or cause to be made, such investigation as in his judgment is necessary to determine the best, cheapest, and most available means for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other useful products by water power or any other power as in his judgment is the best and cheapest to use; and is also hereby authorized and empowered to designate for the exclusive use of the United States, if in his judgment such means is best and cheapest, such site or sites, upon any

navigable or nonnavigable river or rivers or upon the public lands, as in his opinion will be necessary for carrying out the purposes of this act; and is further authorized to construct, maintain, and operate, at or on any site or sites so designated, dams, locks, improvements to navigation, power houses, and other plants and equipment or other means than water power as in his judgment is the best and cheapest, necessary or convenient for the generation of electrical or other power and for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers and other useful products.

The President is authorized to lease, purchase, or acquire, by condemnation, gift, grant, or devise, such lands and rights of way as may be necessary for the construction and operation of such plants, and to take from any lands of the United States, or to purchase or acquire by condemnation, materials, minerals, and processes, patented or otherwise, necessary for the construction and operation of such plants and for the manufacture of such products.

The products of such plants shall be used by the President for military and naval purposes to the extent that he may deem necessary, and any surplus which he shall determine is not required shall be sold and disposed of by him under such regulations as he may prescribe.

The President is hereby authorized and empowered to employ such officers, agents, or agencies as may in his discretion be necessary to enable him to carry out the purposes herein specified, and to authorize and require such officers, agents, or agencies to perform any and all of the duties imposed upon him by the provisions hereof.

The sum of $20,000,000 is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, available until expended, to enable the President of the United States to carry out the purposes herein provided for.

The plant or plants provided for under this act shall be constructed and operated solely by the Government and not in conjunction with any other industry or enterprise carried on by private capital.

In order to raise the money appropriated by this act and necessary to carry its provisions into effect, the Secretary of the Treasury, upon the request of the President of the United States, may issue and sell, or use for such purpose or construction hereinabove authorized, any of the bonds of the United States now available in the Treasury of the United States under the act of August fifth, nineteen hundred and nine, the act of February fourth, nineteen hundred and ten, and the act of March second, nineteen hundred and eleven, relating to the issue of bonds for the construction of the Panama Canal, to a total amount not to exceed $20,000,000: *Provided,* That any Panama Canal bonds issued and sold or used under the provisions of this section may be made payable at such time after issue as the Secretary of the Treasury, in his discretion, may deem advisable, and fix, instead of fifty years after date of issue, as in said act of August fifth, nineteen hundred and nine, not exceeding fifty years.

Under this power contained in section 124, President Wilson ordered construction to begin at Muscle Shoals by the erection of Dam No. 2, and its power house, and nitrate plants Nos. 1 and 2, for the fixation of atmospheric nitrogen, primarily for war purposes, and incidentally also for agricultural uses in time of peace.

SALVAGE VALUE OF WAR INVESTMENT

Unlike practically every other war project and war-time enterprise, this Muscle Shoals property has a great peace-time value for both agriculture and industry, in supplying both fertilizers and power, and also has a future value for national defense. In time of war our armies and fleets will use increasing quantities of nitrate explosives. Happily, the more we know about fixing nitrogen for agricultural purposes, the more rapidly we will be able to fix nitrogen for military purposes. The Muscle Shoals property is situated far inland, where it is unlikely, if not impossible, that enemy airplanes or airships may ever destroy it by bombing from the air. Plants situated within bombing distance of enemy airplane carriers are not dependable for war-time explosive supplies.

RECENT LEGISLATIVE HISTORY

Twice in recent years, once in 1928, and again in 1930, bills were passed by Congress and sent to the President for his approval. Both those bills were very similar to the bill now reported favorably by your committee. And a large part of those bills was in the identical language of this bill. The bill passed in 1928 met a pocket veto by President Coolidge, and the bill passed in 1930 met a vigorous veto by President Hoover.

It is interesting to note some of the leading efforts to dispose of this long standing and much vexed question. The country is familiar with the efforts to lease by direct legislation to Henry Ford and to the American Cyanamid Co. Both of these efforts failed. But the country is not generally so familiar with the fact that on November 3, 1919, Senator Wadsworth, of New York, introduced a bill into the Senate, being S. 3390, which was reported favorably by the Committee on Agriculture. This bill proposed to organize a Government-

owned corporation to operate the Muscle Shoals properties for the manufacture and sale of fertilizers in which the preference would be given to farmers.

On February 1, 1926, Senator Smith of South Carolina introduced into the Senate S. 2956, which provided for the creation of a Muscle Shoals Commission, and that this Commission should use the Muscle Shoals properties for the fixation of nitrogen to be sold for fertilizer purposes.

On April 19, 1926, Senator Deneen, of Illinois, introduced into the Senate a bill known as S. 4106, which sought to effectuate a lease of the Muscle Shoals properties to a corporation to be known as the Muscle Shoals Fertilizer Co. to manufacture fertilizer and to sell the same at cost plus 8 per cent.

On May 3, 1928, Representative Snell, of New York, introduced in the House, House Joint Resolution 2941, which proposed that the President, through the Secretary of War and the Chief of Engineers was authorized to contract for the sale of surplus power generated at Muscle Shoals, and to alter and repair nitrate plant no. 1 for the fixation of nitrogen and for the manufacture of fertilizers, and to operate one unit of nitrogen plant no. 2 to determine whether or not fertilizers can be manufactured by that process at a cost favorably comparable with other processes, and to dispose of any fertilizer or fertilizers manufactured, and to enable the President to be in a position to consider all bids for the sale of power, the authority was expressly granted for the construction or lease of transmission lines in any direction from the dam and steam plant, either from appropriations made by the Congress or from funds from the sale of power.

In the Seventieth Congress Representative Morin of Pennsylvania, being chairman of the committee, introduced a bill which had been care-

fully prepared by a subcommittee appointed by him, and that bill set up a Government corporation for the sale of power and for the manufacture and sale of fertilizers. That bill was passed by the House of Representatives by striking out provisions requiring the manufacture of the complete fertilizer and limiting the activities of the Government corporation to nitrogenous plant food.

NATION-WIDE ASPECT OF PROBLEM

The increasing public interest in the Muscle Shoals situation has demonstrated how intimately it touches so many sides of life. But it is now manifest that the Muscle Shoals situation is only a factor and a part of the greater problems of conservation of natural resources, and of promoting navigation and flood relief. Obviously, the Muscle Shoals properties are only an integral part of the Tennessee Valley. In turn, the Tennessee Valley is merely typical of other regions in the Nation, whose treatment will ultimately be guided, either positively or negatively, by the lessons learned in the Tennessee Valley development program.

Accordingly, we are not surprised to find that President Roosevelt, in his language of April 10, 1933, in a message to Congress, vigorously expresses this central thought:

> It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisoned in its entirety, transcends mere power development; it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many

States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

In the minority views expressed by the maker of this report, in connection with the report by Representative Reece, of Tennessee, on S. J. Res. 49, in the second session of the Seventy-first Congress, this language was employed:

INDUSTRIAL RESULTS

But in the field of industry the results will surely be more marvelous and astonishing. The lessee will certainly find it advantageous to set up large establishments for the production of electrochemicals and ferro-alloys. In that section of the country are all the raw materials for the manufacture of chemicals and all steel products, at the same time numerous and valuable by-products will be manufactured. Furthermore, there are 11 valuable dam sites between the Cove Creek Dam and the Wilson Dam, and the construction of the Cove Creek Dam will double the power available at each one of these dam sites. Within the next generation perhaps all of the dams in that stretch of the river will be constructed and the power will be used not only at and near the dam, but will be sent in various directions to existing cities and towns and to new cities and towns within transmission distance.

Thus the 1,000,000 horsepower to be found along that 300-mile section of the Tennessee River from Cove Creek to Wilson Dam will become a great hive of industry. Perhaps millions of busy and industrious people will gather to use the electric energy there generated. New cities and towns will rise in places now unthought of. Many hundreds

of millions of dollars will be invested in new plants and in new enterprises, and proportionate profits will arise from these investments. From the day that earth is broken for the construction of the Cove Creek Dam, which will impound 3,000,000 acre-feet of water stretching over practically 60,000 acres, the largest artificial lake in the world, the eyes of the whole country will be turned upon that section and the footsteps of millions will be directed toward the Tennessee Valley. Agriculture in that section will thrive as never before, producing diversified crops and vegetables to feed the busy millions engaged in construction and in the conduct of industry. While such a picture dazzles the imagination, it is backed up by reason and human probability, and based upon the commanding influence of cheap power. Power is the secret of modern industry. Modern industry is the impelling force of modern civilization. In this Tennessee River Valley, so rich in the quantity and variety of mineral deposits, will spring up some of the greatest industrial activities of the world. With a magnificent climate, with a productive soil, with a strong and virile population to draw from in the surrounding States, with a people devoted to the ideals of our Republic and to the principles of our Constitution, resolved to maintain and preserve order and justice, that section presents a promise of future development and prosperity comparable to what has taken place in a commercial and financial way on Manhattan Island.

ECONOMIC AND INDUSTRIAL RESULTS

Let us take a glimpse into the future of what will probably be the result of wise and

rational action by the leasing board. If the property is leased to a concern financially responsible which intends in good faith to carry out the purposes of the act, then I can envisage a marvelous development in the whole Tennessee River region and even in adjacent sections. The first and direct result will be the production of a cheap nitrogenous plant food which will demonstrate to the farmers and the business people of the United States, the actual cost of fixing nitrogen and of processing the same for use as fertilizer. Judging by numerous estimates made by experts, the reduction will cut the present cost of nitrogen products from 25 to 40 percent. This should break the power of the Chilean nitrate trust which has extracted tribute from the world and especially from the farmers of the United States, merely because Chile has a monopoly upon mineral nitrate of soda. Two hundred and sixty-five million dollars has been paid into the public treasury of Chile as the export duty upon nitrate of soda exported to the United States alone. When to this is added the exports of nitrate of soda to other countries, especially prior to the World War, the total receipts by the Government of Chile for such export tax must amount to more than a billion dollars. Thus the people of Chile have shifted a large part of their tax burden upon the shoulders of the people of other nations, merely because they possess a natural monopoly in an essential commodity vitally important in both peace and war.

In the next place, to ascertain the actual cost of producing such synthetic nitrogen for agricultural purposes will help to crush the world-wide Nitrogen Trust. At present the

world price of nitrogen follows along and barely below the price of Chilean nitrate. Thus a monopoly on mineral nitrogen and a monopoly on synthetic nitrogen go hand in hand. If the United States Government can help break this trust team and set the farmers of this country free, it will be one of the greatest blessings that agriculture has ever received.

Commencing with 10,000 tons of pure nitrogen, in such form and combination as the leasing board may specify and as the lessee may subsequently decide to be most attractive to the farmer, the volume of fertilizers produced will increase and will probably increase very rapidly. With the advantages given to the protection of agricultural nitrogen, it is my belief that the lessee will find production profitable to himself, and therefore will be induced to increase the annual quantity. In order to dispose of such increased quantity, very naturally the lessee will resort to the reasonable and proper business method of combining nitrogen with phosphoric acid and perhaps with potash. Phosphate rock is found in great abundance in the Tennessee River Basin. This can be floated down the river and subjected to electric-furnace methods at the time of the year when cheap secondary power is available, and thus phosphoric acid produced more cheaply than it is being produced today by the wet process. Then probably the potash shales in that section of the country can be economically treated so as to extract the potash for agricultural purposes and leave valuable by-products of high commercial value.

FERTILIZER POSSIBILITIES

Much confusion has been created by hostile interests concerning the fertilizer question at Muscle Shoals. In that connection I quote a part of the minority views of Representative Harry E. Hull, Representative John N. Morin, Representative Harry C. Ransley, Representative John Philip Hill, Representative Louis A. Frothingham, and Representative J. Mayhew Wainwright, in the first session of the Sixty-eighth Congress:

> The result is that it is now known that by taking advantage of modern scientific accomplishments and adding the benefit of hydroelectric power, it is possible to make atmospheric nitrogen available for the use of agriculture at low costs.
>
> The production of phosphoric acid, another essential food plant, has also been the object of scientific research and development. Further advances are reasonably to be expected, but it is known that by using the modern methods of nitrogen fixation and combining the product with phosphoric acid produced by methods known to be commercially available, a fertilizer product of high fertilizing value can be made where hydroelectric power at low cost is available and sold to the farmers of the country at a substantial reduction below the price they now pay for equivalent plant food. Thus it has become certain that fertilizer production can be carried on at Muscle Shoals with profit, at the same time substantially reducing the cost of fertilizer to the farmer.

In the same connection, the same gentlemen, with reference to the possibility of selling power in the South, used the following language:

USE OF POWER IN THE SOUTH

A large amount of evidence was brought before the committee to show the widespread demand in the South for hydroelectric power and the concern which is felt in that section lest the Muscle Shoals power be entirely withdrawn from public service.

Taking the Ford obligation at its full value, to make 40,000 tons of fixed nitrogen per annum this requires less than 100,000 horsepower, yet his offer requires the Government to build power plants which, with the steam plants, will give him over 850,000 horsepower, or 750,000 horsepower more than is necessary to carry out his fertilizer obligation. It is this power which the public in many sections of the Southeastern States are demanding shall be distributed for general use.

Due to the electric transmission lines which are connected in the Southeastern States, it is now possible, according to the testimony, for the Muscle Shoals power to reach the public at points over 600 miles from Muscle Shoals.

VIEWS OF JOHN C. M'KENZIE

In the first session of the Sixty-eighth Congress, on February 2, 1924, Representative John C. McKenzie, on behalf of the Committee on Military Affairs, reported for the committee a bill recommending the acceptance of the Ford offer, and at the conclusion of his report used the following language:

FOUR FIELDS OF USEFULNESS AT MUSCLE SHOALS

The majority of the committee recognized that there are four distinct fields of usefulness in which valuable service can be had at

Muscle Shoals: First, nitrate manufacture for national defense; second, fertilizer production; third, power development; fourth, navigation improvement.

The first two are closely associated, and the plant that is most valuable for production of explosives in time of war is most efficient as a source of nitrates for fertilizer in time of peace. It is also true that under such a plan as Mr. Ford has proposed there is a close relation between the power development and the navigation improvement. Under this proposal the power not only returns a fair rate of interest on the cost of its development but it returns interest to the Government on its navigation improvement and provides a sinking fund which refunds to the Government its entire navigation investment. Merely by the use of its credit the Government can secure 150 miles of slack-water navigation on the Tennessee River and its tributaries without any appropriation whatever.

When it is realized that we have expended nearly $20,000,000 on the improvement for navigation of the Tennessee River and its tributaries, outside of the present Muscle Shoals development, and practically one and a quarter billions of dollars on national river and harbor improvement as a whole, without the prospect or expectation of receiving any interest whatever on this huge outlay, or the return of any part of the principal, it is evident that here is a policy that is not merely of local interest at Muscle Shoals but that offers promise of Nation-wide benefits if adopted generally in the improvement of our navigable streams where power development is practicable.

FERTILIZERS IN PRESENT BILL

Broad powers are given to the Authority, either to operate the present plants, or to lease them, for the production of nitrogen and/or other fertilizer ingredients for agricultural uses. Specific and definite limitations are imposed as to the initial quantity to be produced and as to the gradual increase of the amount of production, according to market demands. All power necessary for ultimate capacity production of fertilizer and/or fertilizer ingredients is reserved.

FERTILIZER EXPERIMENTS

This feature of the bill is of very great importance. It contemplates extensive experiments in laboratories, and, in fact, the use of the entire nitrate plants as a huge laboratory, and also actual field demonstrations in the use of fertilizers of varying degrees of concentration and of varying proportions of constituents.

NATIONAL DEFENSE

Intimately interlocked with the production in peace of nitrogenous fertilizers is preparedness for national defense in time of war. But whether large-scale production of fertilizers is carried on at Muscle Shoals, we are assured that nitrate plant no. 2 will be maintained in stand-by condition for the manufacture of explosives, until Congress shall have by joint resolution released the Authority from that obligation. These sites should never be sold without express approval of Congress.

POWER FEATURES

The bill provides that all electric power not used in the navigation projects, and in the production of fertilizers, and in the conducting of fertilizer ex-

periments, shall be sold, and in such sale preference shall be given to States, counties, municipalities, and nonprofit cooperative associations. Thirty-year contracts for power are permitted to States, counties, municipalities, and cooperative associations building their own transmission lines. But such contracts must stipulate that the power shall be sold and distributed without discrimination among customers of the same class. Private power companies employed in distribution and resale of electricity for profit must agree that the price at which they will sell power to the ultimate consumer will not exceed a figure found to be just, fair, and reasonable by the Federal Power Commission. The bills which previously passed Congress contained a provision that contracts for the sale of power to private power-distributing companies might be canceled on 2 years' notice, if the power were demanded by the Authority, either for its own uses or for sale to States, counties, municipalities, and cooperative associations. The bill now reported has extended the time of notice to 5 years, and surely that is exceedingly fair to the power companies. That will give them ample time in which to construct power generating plants or to curtail their activities. Representatives of the power interests were urged to specify what length of time they thought would be fair and reasonable. Having declined to do this, the committee feels quite confident that 5 years is entirely generous to, and considerate of, the power companies.

TRANSMISSION LINES

Here has been the battle ground for all these long, laborious years. Surely the bill now recommended to the House is exceedingly just and liberal in this respect. In order to obviate the duplication of transmission lines, and thus prevent the waste of depreciation of invested capital, the board is au-

thorized to negotiate with a private power company having a transmission line needed by the Authority, to enable it to serve the public, and to buy such transmission line at a fair and reasonable price. If negotiations fail, the Authority may acquire such transmission line by condemnation. But, of course, the full fair value of same will be paid. Thus, no new transmission line will probably be built, except where none now exists. The fear that much money might be wasted in duplicating existing transmission facilities has long been the cause of much opposition to the thought of transmission lines. Surely all ground for fear on this score has been removed. It is our hope and belief, from expressions uttered by the representatives of the power interests, that there will be cooperation in these respects, as in other respects, between the Authority and the power interests in serving the public and in promoting the industrial, the agricultural, and the economic development in that region of the Nation.

COVE CREEK DAM

Everybody now agrees that the Cove Creek Dam should be built by the Government, and this includes even the representatives of the power companies themselves. It is indispensable to the final development of flood control, navigation, and power in the Tennessee Valley. This work should begin at once. Appropriations should be made so that the land may be acquired promptly, and the work of cleaning out the basin, of relocating roads and bridges and other structures, and of constructing the dam and the power house, should proceed promptly, and employ a great army of workers. Thus, the ranks of the unemployed will be thinned. Thus, the purchasing power of the people will be increased. Thus, the return of normal prosperity will be assisted.

CONDEMNATION PROCEEDINGS

Happily, we hear reports that the people of Tennessee, and especially of the Tennessee Valley part of that State, are organizing to insure cooperation with the Federal Government in its great program of development. However, we feel it necessary to provide special proceedings to govern condemnation of lands and other property rights, in order that there may be prompt taking of lands and at fair and reasonable prices. Aware of how selfish human nature sometimes asserts itself, we have sought to protect the Government against abuses and at the same time we have scrupulously guarded the rights of property owners by giving them jury trial on questions of fact and preserving the right of appeal on questions of law. Surely these provisions, certainly as to the purpose here sought to be accomplished, will meet with the approval of all.

OTHER DAMS ON BUSINESS BASIS

Cove Creek Dam and Dam No. 3 will be built as promptly as possible after the passage of this act. But after the construction of Cove Creek Dam and Dam No. 3, no other dam will be constructed unless there is a reasonable market demand for so much of the power as will yield a reasonable return on that part of the investment representing the cost of power production. This puts future power development upon a business basis.

In like manner, the Authority may enter into a contract with any responsible person, firm, or corporation, to lease a dam, or dams, upon self-liquidating terms to be approved by the President, insuring interest on the bonds and final amortization of the capital, and in such event the Authority may proceed to build any such dam. Surely these safety clauses should satisfy most of the objections to the general authorization for construction of

future dams on the Tennessee River and its tributaries. The Authority cannot proceed upon a visionary and impractical program of construction. In addition to the limitations of law, there will be limitations of fact. The $50,000,000 to be derived from the sale of bonds, will hardly go farther than build Cove Creek Dam, and Dam No. 3, and make the necessary alterations, to modernize the nitrate plants, to install the necessary fertilizer equipment and to provide adequate working capital. For every other dollar that the Authority may use for constructing dams, it must come to the Congress for appropriations. Thus, Congress holds the reins upon the Authority. It is true that the Authority will have the revenues from the sale of power, but after the required interest and amortization payments have been made by the Authority, and after the running expenses are paid, it is not likely that there will be any funds sufficient to build any dam. There may be sufficient funds to lease, or to buy, or to construct necessary transmission lines. But any sum of money sufficient to build a dam would have to come from Congress by appropriation.

BOND ISSUE AUTHORIZED

For this reason, the bond issue is limited to $50,000,000. These bonds will be obligations of the United States, but to relieve them of being a direct charge upon the annual receipts of the Government, the interest on the bonds is made a lien upon the net proceeds of the sale of power, and from these net proceeds the Authority must pay the interest. If there be not sufficient net proceeds, undoubtedly Congress would be called upon through the Budget to appropriate sufficient money to pay the deficit.

USE OF PATENT RIGHTS

Much hysterical opposition has been expressed for several years to this feature of the bill. It is recklessly charged that it authorizes the confisca-

tion and invasion of private property rights. Such argument entirely overlooks the fundamental principles involved. The monopoly of a patent right is a special privilege conferred by the Government. The inventor has no such monopoly by the law of nature, nor by the common law, but the Constitution of the United States authorizes the Congress to encourage inventions and discoveries by giving, for a limited period, a monopoly to the inventor or discoverer. But it has always been held by the Congress and the courts that the sovereign which confers to one citizen such exclusive right, as against all other citizens, itself has certain rights in the monopoly privilege. It would be a strange situation for a government to confer such right of monopoly, and then, in the hour of the government's necessity, find itself held at bay by the monopolist. This reservation of right to the Government is analogous to the right of eminent domain. It is inherent in sovereignty itself.

Therefore, it is not surprising that we find the general law of the United States expressed in the United States Code, in title 35, section 68, that the United States can use any invention for which a patent has been issued, and that the sole and exclusive remedy for any claim of damages by the owner of the patent shall be a suit in the United States Court of Claims. But no such right to bring such suit belongs to a person who made the invention while in the employ of the United States. This law was enacted June 25, 1910, and the section of the pending bill is merely a declaration that the Authority is the agent of the United States in carrying out its constitutional powers.

NO SPOILS SYSTEM POSSIBLE

To relieve the board of the importunities of friends and relatives seeking jobs with the Authority, the board shall select only its limited clerical staff, and all other officers, agents, and employees

will be selected by the general manager. The general manager will undoubtedly be a man of wide experience and of strong character. He is directed to set up merit and efficiency standards and systems. All employees will have the benefits of the United States Civil Service Employees' Compensation Act.

In like manner all agents, employees, and laborers will be entitled to have the Secretary of Labor settle any dispute arising concerning wages. The prevailing rate of wages, as it is defined in the act, will be the measure of wages paid. This same principle will apply to employees and laborers working for contractors upon projects under contracts with the Authority. But as further guaranty against the employment of unfit and incompetent persons it is provided that no political tests shall ever be applied by any member of the board in connection with the employment of any person nor by the manager nor anybody acting for him. Any person violating this provision will be summarily discharged.

AID FROM OTHER FEDERAL DEPARTMENTS

The President is authorized to detail any officer or agent of the United States to assist the Authority in carrying on its program of development. Thus, we can envision a very considerable employment of the Corps of Engineers of the United States Army, and of the experts from the Bureau of Chemistry and Soils in the Department of Agriculture. Also, in the final reforestation and soil-erosion plans of the Authority, representatives of the Department of the Interior will surely be detailed to help. Possibly other departments of the Government will be drafted from time to time to assist in this work.

PLANNING FOR FUTURE DEVELOPMENT

The board of three members should not only be sound and experienced men of affairs, they should

not only be soundly educated and widely traveled and well-read men, but they should be men of constructive vision, to seek to fit the future into the form of the present. Therefore, the board is charged with the duty of constantly studying the whole situation presented by the Tennessee River Valley, and the adjoining territory, with the view of encouraging and guiding in the orderly and balanced development of the diverse and rich resources of that section. It is a great responsibility imposed upon the members of the board. But it is a great opportunity that will come to those chosen for this great service. For such position of trust and responsibility, undoubtedly the President will search the Nation over for the right men to whom to entrust not only this vast investment of money but this great responsibility, not only to the people of that section of the country but to the people of the whole Nation. If, through the incapacity or the indifference of the members of the board, this great humanitarian project should fail, then progress along this line in other parts of the country will be set back for two or three generations.

With such a responsibility upon the President in choosing the right men, and with such a responsibility resting upon the consciences of the men thus chosen, we cannot believe that there will be failure. When the race advances, it must do so along the road of faith in ourselves and our fellows. The members of the board are given the term of 9 years, so there may be consistency and continuity in the policies of the Authority.

CONSERVATION POLICIES

The policy of this bill for the development of the Tennessee Valley is no new policy in American politics. For more than 20 years the conservation of our natural resources and their preservation for the use and benefit of all the people to whom they belong, both by the law of the land and the law of

nature, has been a burning issue in this Nation. Beginning with the year 1912, the Democratic Party, by its platform, proclaimed:

CONSERVATION

> We believe in the conservation and the development, for the use of all the people, of the natural resources of the country. Our forests, our sources of water supply, our arable and our mineral lands, our navigable streams, and all the other material resources with which our country has been so lavishly endowed, constitute the foundation of our national wealth. Such additional legislation as may be necessary to prevent their being wasted or absorbed by special or privileged interests should be enacted and the policy of their conservation should be rigidly adhered to.

In 1912 the Progressive Party, headed by Theodore Roosevelt, by its platform proclaimed its solemn determination that these natural sources of wealth, belonging to all the people, should be held in public hands and utilized for the general welfare:

CONSERVATION

> The natural resources of the Nation must be promptly developed and generally used to support the people's needs, but we cannot safely allow them to be wasted, exploited, monopolized or controlled against the general good. * * *
>
> We believe that the remaining forests, coal and oil lands, water-power sites, and other natural resources, still in State or National control (except agricultural lands) are more likely to be wisely conserved and utilized for the general welfare if held in the public hands.

In the year 1916 the Democratic Party reiterated its position with renewed emphasis:

CONSERVATION

> For the safeguarding and quickening of the life of our own people, we favor the conservation and development of the natural resources of the country through a policy which shall be positive rather than negative, a policy which shall not withhold such resources from development but which, while permitting and encouraging their use, shall prevent both waste and monopoly in their exploitation, and we earnestly favor the passage of acts which will accomplish these objects, reaffirming the declaration of the platform of 1912 on this subject.

That same year the Republican Party, following, rather timidly, in the wake of the Progressive Party, now reunited with the mother party, proclaimed its attitude in the following words:

CONSERVATION

> We believe in a careful husbandry of all the natural resources of the Nation—a husbandry which means development without waste; use without abuse.

In 1920 post-war problems, with all their dislocating consequences, seemed to have crowded out of the Democratic Party any expression upon this subject. But the Republican Party in that year, 1920, took stronger ground on the question in the following language:

CONSERVATION

> Conservation is a Republican policy. It began with the passage of the reclamation act signed by President Roosevelt. The re-

cent passage of the coal, oil, and phosphate leasing act by a Republican Congress and the enactment of the water-power bill, fashioned in accordance with the same principle, are consistent landmarks in the development of the conservation of our national resources. We denounce the refusal of the President to sign the water-power bill passed after 10 years of controversy.

But in 1924 the Democratic Party returned to the subject with specific and definite commitments, as follows:

MUSCLE SHOALS AND FERTILIZERS

We reaffirm and pledge the fulfillment of the policy, with reference to Muscle Shoals, as declared and passed by the Democratic majority of the Sixty-fourth Congress in the National Defense Act of 1916, "for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers."

We hold that the production of cheaper and higher-grade fertilizers is essential to agricultural prosperity. We demand prompt action by Congress for the operation of the Muscle Shoals plants to maximum capacity in the production, distribution, and sale of commercial fertilizers to the farmers of the country, and we oppose any legislation that limits the production of fertilizers at Muscle Shoals by limiting the amount of power to be used in their manufacture.

Again the Democratic Party in 1924 pledged it to the retention by the public of the title to the Nation's water power:

CONSERVATION

We believe that the Nation should retain title to its water power and we favor the expeditious creation and development of our water power.

In 1924 the Republican Party took still stronger ground in declaring that such natural wealth as water power belonged to all the people, and is an inheritance to be transmitted to future generations, and employed the following language:

CONSERVATION

The natural resources of the country belong to all the people and are a part of an estate belonging to generations yet unborn. The Government policy should be to safeguard, develop, and utilize these possessions. The conservation policy of the Nation originated with the Republican Party under the inspiration of Theodore Roosevelt. We hold it a privilege of the Republican Party to build as a memorial to him on the foundation which he laid.

In 1928 the Democratic Party reiterated in still stronger language its conviction that all the people should benefit from our natural resources, and stated its position as follows:

WATER POWER, WATERWAYS, AND FLOOD CONTROL

The Federal Government and State governments, respectively, now have absolute and exclusive sovereignty and control over enormous water powers, which constitute one of the greatest assets of the Nation. This sovereign title and control must be preserved, respectively, in the State and Fed-

eral Governments to the end that the people may be protected against exploitation of this great resource and that water powers may be expeditiously developed under such regulations as will insure to the people reasonable rates and equitable distribution.

In 1928 the Republican Party asserted its priority to the claim of leadership in the development of our public water powers for the public benefit, and employed the following language:

CONSERVATION

The Republican Party has been forehanded in assuring the development of water power in accordance with public interest. A policy of permanent public retention of the power sites on public land and power privileges in domestic and international navigable streams and one third of the potential water-power resources in the United States on public domain has been assured by the Federal Water Powers Act, passed by a Republican Congress.

In 1932 the Democratic Party spoke briefly but emphatically on all questions, and pledged the present administration to the development of natural resources in the common interest by using the following language:

The conservation, development, and use of the Nation's water power in the public interest:

The removal of Government from all fields of private enterprise except where necessary to develop public works and natural resources of the common interest.

In 1932 the Republican Party declared that all our natural resources should be set free from monopoly control, and again praised the splendid leadership in this field of Theodore Roosevelt. It employed the following language:

CONSERVATION

The wise use of all natural resources freed from monopolistic control is a Republican policy initiated by Theodore Roosevelt. The Roosevelt, Coolidge, and Hoover reclamation projects bear witness to the continuation of that policy. Forestry and all other conservation activities have been supported and enlarged.

When both great political parties, through a period of 20 years, have spoken so unequivocally and emphatically upon a great public question, it leaves no doubt as to where the sentiment of the masses of the people is upon this question. These repeated utterances were not intended to be mere soothing sounds. The American public had a right, and still has a right, to believe that both these great political parties were sincere in their pledges. Now is the time for the representatives of both these organized bodies of citizens, called political parties, to begin in a definite and efficient way the accomplishment of the aims so long promised to the people. It so happens that this preservation of nature's rich gifts to all the people must begin somewhere. Under the peculiar situation confronting us for about 15 years with reference to a great war project placed at Muscle Shoals, this Nation-wide program must commence in the Tennessee River Valley with the Muscle Shoals properties as a nucleus. The Tennessee River as a great interstate highway, and fortunately the project now contemplated serves the fourfold causes of national defense, flood control, navigation, and power conservation.

When this Tennessee Valley development shall have progressed sufficiently for us to learn great lessons as to how best to serve the public, then development will follow in other great interstate and international water courses. Undoubtedly, there are several great areas in all sections of the coun-

try that will ultimately be developed by the application of the same principles and policies. It is the simple, fundamental American, Jeffersonian, Rooseveltian proposition of preserving and using for all the people those great sources of wealth conferred by the prolific hand of God upon the masses of the people who settled in this new continent, cleared its fields, opened its mines, navigated its rivers, built its cities, highways, and railroads, established its independence by their sacrifices and suffierings, have maintained its independence in war, and defended its honor at home and abroad, at the peril of their lives. In fact, millions have suffered in war, and many more millions have sacrificed and struggled in peace, throughout our 150 years, to bring this Nation where it is. Something is due these voiceless millions, and more is due to the unborn millions. By this measure for the development of the Tennessee Valley, we, the representatives of the dead, of the living, and of the unborn, are fulfilling our pledges to them all, and seeking to make real the fundamental principle of popular government, that of the greatest good to the greatest number.

If the views expressed so often for 20 years by both great political parties, representing fully 95 percent of our whole population be socialistic, then we must suffer the stigma, because we cannot escape from our platform pledges. Why be frightened by adjectives? Increasing cooperation marks the progress of civilization.

Minority Views

The undersigned members of the Committee on Military Affairs of the House of Representatives are unable to approve of H. R. 5081, entitled "A bill to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the

Muscle Shoals properties, and to encourage agricultural, industrial, and economic development", in the form in which it is presented to the House because, in our opinion, it fails adequately to carry out the purposes of section 124 of the National Defense Act under whose provisions the Wilson Dam and the nitrate plants at Muscle Shoals were constructed, because it compels the Government to engage in the production and sale of power and fertilizer in competition with its citizens, and because it commits the United States to a program so vastly sweeping, yet so vague in its extent, that it threatens dangerously to increase the bonded indebtedness of the Nation to a point of impairing its credit.

The section of the National Defense Act cited reads, in part, as follows:—

> The President of the United States is hereby authorized and empowered to make, or cause to be made, such investigation as in his judgment is necessary to determine the best, cheapest, and most available means for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other useful products.

For this reason all legislation relating to Muscle Shoals has always been referred to the Committee on Military Affairs of the House. In the amended Hill bill, H. R. 5081, we are able to discover very little provision for national defense, and in a similar bill before the Senate there is none whatever. The only direct mention of this in the present Hill bill appears in subsection h of section 5, to wit:

> It shall be the duty of the board to maintain in stand-by condition nitrate plant numbered 2, or its equivalent, for the fixation of atmospheric nitrogen, for the production of explosives in the event of war or a national

emergency, until Congress shall by joint resolution release the board from this obligation.

It is our view that this grants inadequate attention to the primary purposes of the Muscle Shoals development and that the bill as a whole vitiates the original intentions of the National Defense Act.

If fertilizer is manufactured in commercial quantities it would interfere with the business of more than 800 companies employing thousands of men and which have, according to the testimony of a representative of the National Fertilizer Association, encountered a loss of business since 1921 estimated at more than $300,000,000, owing to overproduction and lowering of prices. According to a report authorized by resolution of the Seventy-second Congress, the United States Government is at present in competition with private enterprise in 41 lines of activity. We believe that this tendency must be checked in the interest of business recovery.

We are opposed to Government operation of Muscle Shoals for the production of power for retail sale. At the present time 30 percent of the generating capacity of privately owned plants serving the States within transmission distance of Muscle Shoals is finding no market. This 30 percent amounts to a surplus capacity of approximately 400,000 horsepower. Yet the bill provides for the construction of Cove Creek Dam, Dam No. 2, and steam plant no. 2 which, when completed, would generate an additional 400,000 horsepower, making a total surplus in the vicinity of 800,000 horsepower.

The undersigned cannot visualize a market for this great additonal power, particularly when one considers the financial condition of the country at this time.

Section 13 of the bill authorizes the board, with the approval of the President, to construct, lease,

or authorize the construction of transmission lines within transmission distance not to exceed 400 miles from the place where generated if transmission lines are found economically justified and necessary under the provisions of the act.

If this provision is carried out, it might parallel existing transmission lines to the ultimate destruction of existing companies, with a consequent loss of bona fide investments in the amount of approximately $400,000,000, a great part of which is held by consumer customers and other citizens of the six Southern States. The Government would be seizing a market now their valuable property, and now served, according to competent testimony, adequately and at reasonable rates.

While the Hill bill, in section 24, provides that the board, acting for the Authority, is authorized and empowered to issue and sell bonds not exceeding $50,000,000 in amount, there is a similar bill now before the Senate which provides, in section 15, as follows:

> In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation of hydroelectric power, the board, if directed so to do by the President of the United States, shall issue its bonds for the payment in part or in full of that part of said development that is allocated to the production of hydroelectric power.

Under section 22 of the amended Hill bill, H. R. 5081, the President for 1 year from the date of the enactment of this act is authorized and empowered to enter into negotiations and to conclude agreements with any person, firm, or corporation for the exchange of electric energy generated and to be generated by the Authority in consideration of the conveyance by any such person, firm, or corporation of any property or property rights on which the Authority may construct a plant or plants for the production of electric energy, upon such terms,

conditions, and limitations as the President shall deem "meet and proper".

There was no evidence introduced before the committee, either in public hearing or executive session, as to what is contemplated by this section.

Section 29 provides that all appropriations necessary to carry out the provisions of this act are hereby authorized. This project has been conservatively estimated as considerably in excess of $1,000,000,000.

It is the opinion of the minority that any additional appropriations needed will be obtained through the issuance of bonds rather than coming back to Congress for such additional appropriations. Thus while sacrifices are being made to balance the Budget, the public debt may be increased to an unlimited and potentially disastrous extent.

Section 27 provides, among other things, that it is "to aid further the proper use, conservation, and development of the natural resources of the Tennessee River Drainage Basin and of such adjoining territory as may be related to or materially affected by the developments consequent to this act".

There was no testimony given before the committee, either at public hearings or in executive session, as to what is contemplated by this language.

The same section further reads:

> To provide for the general welfare of the citizens of said areas.

There was no testimony given before the committee, either at public hearings or in executive session, as to what is contemplated by this language.

The same section also provides:

> The President is hereby authorized by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Ten-

> nessee River Basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds.

There was no testimony given before the committee, either at public hearings or in executive session, as to what is contemplated by this language, especially as to what extent it might involve Government funds.

The same section went further and states this is—

> All for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas.

There was no testimony given before the committee, either at public hearings or in executive session, as to what is contemplated by this language.

The same section gives the President—

> In making said surveys and plans to cooperate with the States affected thereby.

No testimony was offered before the committee, either at public hearings or in executive session, as to what is contemplated by this language.

Section 28 of the amended Hill bill states:

> The President shall, from time to time, as the work provided for in this act progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee Drainage Basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control and for navigation purposes.

Which in the opinion of the minority is the limit of governmental jurisdiction.

Yet, section 28 also provides for the maximum generation of electric power consistent with flood control and navigation and for such items as the following:

(1) The proper use of marginal lands.

There was no testimony offered before the committee, either in public hearings or in executive session, to show what is contemplated by this language:

(2) The proper method for reforestation of all lands in said drainage basin suitable for reforestation.

There was no testimony offered before the committee, either in public hearings or executive session, to show what is contemplated by this language:

(3) The most practical method of improving agricultural conditions in the valleys of said drainage basin.

There was no testimony offered before the committee, either in public hearings or in executive session, to show what is contemplated by this language:

(4) The economic and social well-being of the people living in said river basin and all adjacent territory.

There was no testimony offered before the committee, either in public hearing or executive session, to show what is contemplated by this language.

Flood control and navigation are matters which naturally come under the direction of the Army engineers and at no time during the hearings on this bill were any of the Army engineers called before the committee to testify on any of these matters. Neither were there any communications from the Secretary of War, or anyone connected with the Department of War, sent to the committee on this subject.

We feel that if the President has a definite program with reference to items numbered 1, 2, 3, and 4, above, the committee should have had the benefit of the experience and knowledge of the heads of the various departments affected or members of their respective staffs.

It will be seen that the bill effectually conceals its real purposes and aims and commits the country to the expenditure of vast sums of money, the amount of which can only be imagined, and, at a time when agriculture and industry are prostrate and our citizens staggering under the burden of governmental debts, even though this gigantic project will probably be financed by the sale of Government bonds—thereby adding to our large national debt.

HARRY C. RANSLEY.
T. C. COCHRAN.
E. W. GOSS.
VINCENT CARTER.
W. G. ANDREWS.
DONALD H. MCLEAN.

APPENDIX D

EXCERPTS FROM OFFICIAL REPORTS AND CONGRESSIONAL DEBATES REGARDING NECESSITY FOR TRANSMISSION LINES AT WILSON DAM

* * * He (the Secretary of War) has another serious handicap. There is in reality but one customer for the electricity which the Government generates at this plant, and that is the Alabama Power Company. This is because the Alabama Power Co. is the only company, either governmental or private, that has any physical connection with the generating system owned by the Government at Muscle Shoals (Senate Report No. 228, 70th Cong., 1st Sess., accompanying S. J. Res. 46).

* * * * *

The importance of transmission lines in the Muscle Shoals proposition and in the Government and administration of Muscle Shoals cannot be overestimated. If we provide for the development of power at Muscle Shoals, and compel everybody who wants power to come to the works and build their transmission lines there to get it, it simply nullifies as a practical proposition the use of any of that electricity by anybody except the Alabama Power Co.

That is the only institution which has physical connection. Outside of Alabama, it is a practical impossibility for a municipality or a county to build a transmission line to Muscle Shoals. If we compel the people who buy the electricity to come to the switchboard to get it, then do not be deceived, it means that nobody, unless it might be the village of Muscle Shoals or a few other places right in the im-

mediate vicinity, will ever get any electricity from Muscle Shoals unless it is bought through the Alabama Power Co. or some subsidiary of the Alabama Power Co., controlled by the Electric Bond & Share Co., of the City of New York—in other words, the Power Trust.

To say that we shall develop the electricity and no transmission line and establish no authority to build a transmission line is to say as the woman said to her daughter, "You can go swimming, but you cannot get your feet wet." It is a nullification indeed of what we are trying to do, and our opponents in the conference committee have been trying their best to convince us that this is the only practical way to get a transmission line, through an appropriation from Congress (74 Cong. Rec. 3291).

* * * * * *

The Senator will notice that authority is given to the board under that provision to construct transmission lines either from appropriations made by Congress or from funds derived from the sale of power. The House conferees insist that the building of transmission lines from moneys received from the sale of power shall not be permitted, and hence they want to strike out the words "or from funds secured from the sale of such power." In other words, they say the customers, whoever they are, the States or municipalities or farmers' organizations or counties or other corporations dealing in electricity, must buy the electricity at the switchboard. The same language was contained in the bill when we passed it before and that time it went through the House. The Senate conferees contended, as we always have, that if we were going to give a corporation the right to sell power and if we prevented the board from building transmission lines, then the only customer that would buy power, for practical purposes at least, would be the Alabama Power Co., which means the Power Trust. (74 Cong. Rec. 3388).

* * * * *

About 80 percent of the power is going to waste at Wilson Dam. One-fifth of it is being sold to the Alabama Power Co. at 2 mills per kilowatt-hour. If this amendment or some other law is not passed at this session then it will be too late to get any law passed unless it is on an appropriation bill, or unless the conferees agree. If some action is not taken, the Senate and the House will place the stamp of approval upon continuing the policy of denying to municipalities the right to buy the power which is going to waste at Muscle Shoals.

I do not believe, I cannot believe, that the Senators on either side of this aisle approve such a policy. Twice they have passed unanimously a joint resolution which expresses their sentiment. If that is really their sentiment, and if they are really in favor of letting municipalities buy the power which is going to waste, they will vote to suspend the rules in order that my amendment may be offered (74 Cong. Rec. 3301).

* * * * *

* * * As I said before, the officers of the Government some time ago undertook to double the price, to increase it from 2 mills to 4 mills. When the Alabama Power Co. threatened to shut off the current the officers of the Government did not dare make the increase, because the Alabama Power Co. threatened to shut off the current and not use it at all.

Mr. President, what Congress ought to do is to act, and we ought to act at this session. We ought to furnish the money to build transmission lines to the various cities in and around Muscle Shoals, and let the people get the benefit of the reduced rates and thus take the Government out of the clutches of the Alabama Power Co. The people's money has paid for this great project. Why should not they be entitled to some of the usufruct of it? Why

should we give it away to the special interests? Why should we turn it over to these companies that we are now forbidden by law to turn it over to? * * * (68 Cong. Rec. 4743).

* * * * *

* * * I understand that under the laws of Tennessee no municipality has the right to construct a transmission line outside its limits. I think that is also the law in Alabama; I think that is the law in Mississippi; and that it is probably the law in all of the Southern States, as it is now generally throughout the Union. So the municipality, say, of Florence, 4 or 5 miles away from Muscle Shoals, would not have any legal authority to construct a transmission line. It would have to get authority from the State legislature. When it went to the legislature to get authority, it would run against the Alabama Power Co., as it would in the legislature of any State within transmission distance. If it were not the Alabama Power Co., it would be some other subsidiary of the Power Trust.

Perhaps the city of Florence would be able to get that authority and perhaps it would not be able to get it. It might take them 10 years to get it. At any rate, they would labor under that difficulty and perhaps find it impossible to obtain authority to build transmission lines. However, waiving that aside, suppose the city of Memphis got the necessary authority from the State Legislature of Tennessee; in order to reach Muscle Shoals the transmission lines would have to go through a portion of the State of Alabama; they could not get to Muscle Shoals without passing over Alabama territory; and even the Legislature of Tennessee could not grant to the city of Memphis the right to build transmission lines in Alabama. That will be evident at a glance to a great lawyer like the Senator from Utah (Mr. King). So there would be the impossibility of transmission lines being constructed by municipalities outside the State of Alabama and utilizing the current, unless it were

transmitted by the Alabama Power Co. or some other subsidiary of the Power Trust (74 Cong. Rec. 3388, 3389).

* * * * *

Mr. President, this amendment makes provision for the use of power generated at Muscle Shoals by municipalities within reach of Muscle Shoals at this time.

I am speaking of this matter now because some three years ago a committee of the City Council of Muscle Shoals came to my office and asked if I would not go to interview the Chief of Engineers respecting their request for use of power. It was the first time the question of the actual distribution of this power at Muscle Shoals had come to my attention.

They presented the question in this manner:

> The Alabama Power Co. are now obtaining energy at Muscle Shoals, but they are not using more than 25 percent of the present installation output, and they pay only for what they use. The city of Muscle Shoals is right in the shadow of this dam, and we are anxious to have some of this power to supply our city. The Alabama Power Co. are paying 2 mills a kilowatt-hour for the energy they obtain. We are willing to pay 4 mills a kilowatt-hour. We believe that inasmuch as the Government is producing this power the Government ought not to be partial, and, inasmuch as it serves the Alabama Power Co., it should serve a municipality, though small in size, right at the dam.

The proposition seemed reasonable. I went to the office of the Chief of Engineers and asked why it was that the town of Muscle Shoals could not obtain energy from the dam. The reply was that

the Government had entered into a contract with the Alabama Power Co., and was supplying the Alabama Power Co. I asked if it were a fact that the Alabama Power Co. could take as much power as they saw fit, or as little as they saw fit, and that they were not taking more than 25 percent. The reply was, "Yes, that is true." I asked, "Is there anything in the contract that gives them the exclusive right to this power?" The answer was unequivocal, "There is nothing in the contract." "Then why will you not allow the town of Muscle Shoals to have a portion of the unused energy? It would not be robbing the Alabama Power Co." The answer was:

> It might irritate the Alabama Power Co. The Alabama Power Co. is now only taking about 20 percent, and there is no other user of power in sight whose requirements would approximate 20 percent. Therefore, is it not unwise for us to irritate a present customer by affording to Muscle Shoals a small amount of power, which would mean little to the Government? (74 Cong. Rec. 3385).

* * * * *

The joint resolution providing for the establishment of the Muscle Shoals plant contains in effect a statement that it is declared to be the intention of Congress to distribute the surplus power developed at Muscle Shoals equitably among the States within transmission distance. We will carry out that idea if we adopt this amendment. In other words, without transmission lines being constructed in some way outside of the Power Trust constructing and owning them, we can develop all the power possible at Muscle Shoals; but as far as giving the people the benefit of it is concerned, we will be helpless, because the only people who will distribute it and sell it will be the Power Trust (74 Cong. Rec. 3292).

APPENDIX E

SECTION 124 OF THE NATIONAL DEFENSE ACT OF 1916 (C. 134, 39 STAT. 166, 215)

Nitrate Supply.—The President of the United States is hereby authorized and empowered to make, or cause to be made, such investigation as in his judgment is necessary to determine the best, cheapest, and most available means for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other use products by water power or any other power as in his judgment is the best and cheapest to use; and is also hereby authorized and empowered to designate for the exclusive use of the United States, if in his judgment such means is best and cheapest, such site or sites, upon any navigable or nonnavigable river or rivers or upon the public lands, as in his opinion will be necessary for carrying out the purpose of this Act; and is further authorized to construct, maintain, and operate, at or on any site or sites so designated, dams, locks, improvements to navigation, power houses, and other plants and equipment or other means than water power as in his judgment is the best and cheapest, necessary or convenient for the generation of electrical or other power and for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers and other useful products.

The President is authorized to lease, purchase, or acquire, by condemnation, gift, grant, or devise, such lands and rights-of-way as may be necessary for the construction and operation of such plants,

and to take from any lands of the United States, or to purchase or acquire by condemnation materials, minerals, and processes, patented or otherwise, necessary for the construction and operation of such plants and for the manufacture of such products.

The products of such plants shall be used by the President for military and naval purposes to the extent that he may deem necessary, and any surplus which he shall determine is not required shall be sold and disposed of by him under such regulations as he may prescribe.

The President is hereby authorized and empowered to employ such officers, agents, or agencies as may in his discretion be necessary to enable him to carry out the purposes herein specified, and to authorize and require such officers, agents, or agencies to perform any and all of the duties imposed upon him by the provisions hereof.

The sum of $20,000,000 is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, available until expended, to enable the President of the United States to carry out the purposes herein provided for.

The plant or plants provided for under this Act shall be constructed and operated solely by the Government and not in conjunction with any other industry or enterprise carried on by private capital.

In order to raise the money appropriated by this Act and necessary to carry its provisions into effect, the Secretary of the Treasury, upon the request of the President of the United States, may issue and sell, or use for such purpose or construction hereinabove authorized, any of the bonds of the United States now available in the Treasury of the United States under the Act of August fifth, nineteen hundred and nine, the Act of February fourth, nineteen hundred and ten, and the Act of March second, nineteen hundred and eleven, relating to the issue of bonds for the construction of the

Panama Canal, to a total amount not to exceed $20,000,000: *Provided,* That any Panama Canal bonds issued and sold or used under the provisions of this section may be made payable at such time after issue as the Secretary of the Treasury, in his discretion, may deem advisable, and fix instead of fifty years after date of issue, as in said Act of August fifth, nineteen hundred and nine, not exceeding fifty years.

APPENDIX F

CHRONOLOGY OF LEGISLATION CONCERNING THE MUSCLE SHOALS PROPERTIES

66TH CONGRESS

1st Session, May 19–November 19, 1919

The President appointed Arthur G. Glasgow as Fixed Nitrogen Director of the War Department, with instructions to negotiate for fertilizer production at Muscle Shoals. Director Glasgow recommended creation of a Government corporation to operate Plant No. 2 (Text, 59 Cong. Rec. 4782). Secretary of War Baker approved and sent proposed bill to Senator Wadsworth, Chairman Military Affairs Committee of the Senate.

S. 3390. Introduced by Senator Wadsworth and referred to Senate Committee on Agriculture and Forestry (58 Cong. Rec. 8055).

H. R. 10329. Introduced by Rep. Kahn and referred to House Committee on Military Affairs (58 Cong. Rec. 7860).

2nd Session, December 1, 1919–June 5, 1920

S. 3390 reported back by committee (59 Cong. Rec. 8074).

3rd Session, December 6, 1920–March 3, 1921

S. 3390 passed in the Senate; referred to House Committee on Military Affairs from which it was never reported (60 Cong. Rec. 1415).

Representative Graham, chairman subcommittee No. 5 of Select Committee on War Expendi-

tures, submitted report on Ordnance Department expenditures which was omitted from the record (H. Rept. 1400). Excerpts from the report, 60 Cong. Rec., 1200–1206.

67TH CONGRESS

1st Session, March 4–November 23, 1921

Henry Ford submitted first offer for lease of Muscle Shoals properties (61 Cong. Rec. 4285).

H. R. 4572. Introduced by Rep. Graham and referred to House Committee on Military Affairs (61 Cong. Rec. 519). Not reported back.

2nd Session, December 5, 1921–September 22, 1922

Ford offer modified (H. Doc. 167, 67th Cong., 2nd Ses., 62 Cong. Rec. 2090).

Alabama Power Co. submits proposal (H. Doc. 192, 67th Cong., 2nd Ses., 62 Cong. Rec. 2897).

Both proposals considered by House Committee on Military Affairs (Hearings, House Committee on Military Affairs, 1922, 67th Cong., 2nd Ses.).

S. 3420. Introduced by Senator Norris and referred to Senate Committee on Agriculture and Forestry (62 Cong. Rec. 5216).

H. R. 11903. Introduced by Rep. McKenzie and referred to House Committee on Military Affairs (62 Cong. Rec. 8224); reported back (H. Rept. 1084, 67th Cong., 2nd Ses.; 62 Cong. Rec. 8481).

S. J. Res. 227, by Senator Norris from Senate Committee on Agriculture and Forestry, rejecting all Muscle Shoals bids (S. Rept. 831, 67th Cong., 2nd Ses.; 62 Cong. Rec. 10440).

Bills introduced but not reported back by committees:

H. R. 11803, introduced by Rep. Morin.
H. R. 11886, introduced by Rep. Wright.
H. R. 11904, introduced by Rep. Almon.
H. J. Res. 383, introduced by Rep. Hull.

H. J. Res. 271, introduced by Rep. Jones.
S. 3802, introduced by Senator Ladd.
S. 3585, introduced by Senator Norris.
S. 3420, introduced by Senator Norris.
S. J. Res. 159, introduced by Senator Fletcher.

68TH CONGRESS

1st Session, December 3, 1923–June 7, 1924

H. R. 11903 reintroduced by Rep. McKenzie as H. R. 518 to accept Ford offer. (65 Cong. Rec. 36.) Passed House; referred to Senate Committee on Agriculture and Forestry; reported back with amendment in nature of a substitute (S. Rept. 678, 68th Cong., 1st Ses., 65 Cong. Rec. 10071).

Bills introduced but not reported back by committees:

H. R. 3222, introduced by Rep. Dickinson.
H. R. 582, introduced by Rep. Vinson.
H. R. 4153, introduced by Rep. Taylor.
H. R. 6300, introduced by Rep. Hull.
H. R. 6781, introduced by Rep. Hull.
H. R. 8, introduced by Rep. Madden.
S. 139, introduced by Senator Ladd.
S. 2747, introduced by Senator Wadsworth.
S. 3214, introduced by Senator Norris.
S. J. Res. 12, introduced by Senator McKellar.

Secretary of War transmits to Congress proposal of Tenn. Electric Power Co., the Memphis Power and Light Co., and the Alabama Power Co. for development of Muscle Shoals (H. Doc. 158, 68th Cong., 1st Ses., 65 Cong. Rec. 1229). Additional offer covering nitrogen and fertilizers (H. Doc. 173, 68th Cong., 1st Ses., 65 Cong. Rec. 1466).

Offer by Henry Ford withdrawn October 18th (66 Cong. Rec. 3120).

Secretary of War transmits proposal to Congress of the Union Carbide Co. to manufacture nitrates at Muscle Shoals (S. Doc. 105, H. Doc. 166, 68th Cong., 1st Ses. 65 Cong. Rec. 1304, 1357, 8048).

2nd Session, December 1, 1924–March 4, 1925

S. 3507. Introduced by Senator Underwood as substitute for H. R. 518 as amended by Senate (66 Cong. Rec. 20); passed Senate (66 Cong. Rec. 1808); House disagrees (66 Cong. Rec. 2549); conference reports not accepted in either House.

H. R. Res. 457. Introduced by Rep. Madden to create Muscle Shoals Commission; referred to House Committee on Military Affairs (66 Cong. Rec. 4793); Reported back favorably and passed (H. Rept. 1627, 68th Cong., 2nd Ses., 66 Cong. Rec. 5183); Muscle Shoals Inquiry appointed March 24, 1925.

Bills introduced but not reported back by committees:

H. R. 10350, introduced by Rep. Reed.

H. R. 10357, introduced by Rep. Reece.

H. J. Res. 298, introduced by Rep. Wright.

H. Con. Res. 31, introduced by Rep. Kearns.

69TH CONGRESS

1st Session, March 4–18, Dec. 7, 1925–July 3, 1926

H. Con. Res. 4, reported by Rep. Snell from the Committee on Rules (H. Rept. 36, 69th. Cong., 1st Ses., 67 Cong. Rec. 1445); agreed to in House (67 Cong. Rec. 1523); referred Senate Committee on Agriculture and Forestry (67 Cong. Rec. 1615); amended and passed Senate (67 Cong. Rec. 5219); members of Joint Committee appointed in House and Senate (67 Cong. Rec. 5518, 19, 86).

Report of Joint Committee on Muscle Shoals (S. Rept. 672; H. Rept. 980, 69th Cong., 1st Ses., 67 Cong. Rec. 8203, 8242, 8259, 8509).

S. 4106, reported by Sen. Deneen from Joint Committee on Muscle Shoals authorizing lease with Associated Power Companies (S. Rept. 672, Minority views S. Rept. 672, part 2, 69th Cong., 1st Sess., 67 Cong. Rec. 8203, 8509).

H. R. 11602 (reported by Rep. Morin from Joint Committee on Muscle Shoals authorizing lease with Associated Power Companies (H. Rept. 980, 69th Cong., 1st Ses., 67 Cong. Rec. 8242, 8259).

President Coolidge submitted report of Muscle Shoals Inquiry (H. Doc. 119, 67 Cong. Rec. 580).

Bills introduced but not reported back by committees:

S. 2147, introduced by Senator Norris.
S. J. Res. 35, introduced by Senator Norris.
S. J. Res. 68, introduced by Senator Smith, S. C.
S. 2956, introduced by Senator Smith, S. C.
S. 3081, introduced by Senator McKellar.
S. 3123, introduced by Senator Ransdell.
H. J. Res. 59, introduced by Rep. Madden.
H. R. 12951, introduced by Rep. Almon.

2nd Session, December 6, 1926–March 4, 1927

H. R. 16614, introduced by Rep. Madden, to authorize a lease with the American Cyanamid Co.; referred to House Committee on Military Affairs (68 Cong. Rec. 2194); reported back unfavorably by committee (H. Rept. 2303, 69th Cong., 2nd Ses., 68 Cong. Rec. 5885).

H. R. 16396, introduced by Rep. Reece, for the incorporation of the Farmers' Federated Fertilizer Corporation; referred to House Committee on Military Affairs (68 Cong. Rec. 1825); reported back unfavorably (H. Rept. 2303, 69th Cong., 2nd Ses., 68 Cong. Rec. 5885).

S. J. Res. 163, introduced by Senator Norris, providing for completion of Dam No. 2 and steam plant at Nitrate Plant No. 2; referred to Senate Committee on Agriculture and Forestry (68 Cong. Rec. 4022); reported back, with recommendation that it pass (S. Rept. 1633, 69th Cong., 2nd sess., 68 Cong. Rec. 4890).

S. 4106, reported by Senator Deneen from Joint Committee on Muscle Shoals in 1st sess., 69th

Cong., debated in Senate; referred to Senate Committee on Agriculture and Forestry (68 Cong. Rec. 4759); debated on floor, but not reported back by committee.

S. 4632, introduced by Senator Ernst for incorporation of Farmers' Federated Fertilizer Corporation and lease to it of Muscle Shoals properties; referred to Senate Committee on Agriculture and Forestry (68 Cong. Rec. 37); debated (68 Cong. Rec. 797); not reported back.

Hearings: Senate Committee on Agriculture and Forestry and House Committee on Military Affairs held extended hearings. Senate Committee reported back Norris bill (S. J. Res. 163), with slight amendments, favorably; House committee appointed subcommittee to consider all bids; Rep. James, chairman of subcommittee, reported that none of the bids met requirements, and recommended that if a satisfactory bid was not received by convening of next session of Congress committee should consider Government operation.

Bills introduced but not reported back by committees:

H. R. 16114, introduced by Rep. Bell.
H. R. 17158, introduced by Rep. Lowrey.
H. R. 14694, introduced by Rep. Reece.
H. R. 17392, introduced by Rep. Reece.
S. 5319, introduced by Senator Ernst.
H. J. Res. 371, introduced by Rep. Almon.
S. J. Res. 162, introduced by Senator McNary.
H. J. Res. 364, introduced by Rep. McSwain.
H. J. Res. 361, introduced by Rep. Allgood.

70TH CONGRESS

1st Session, December 5, 1927–May 29, 1928

S. J. Res. 46, introduced by Senator Norris providing for completion of Dam No. 2 and steam plant at Nitrate Plant No. 2, for manufacture and distribution of fertilizer and surplus power;

referred to Senate Committee on Agriculture and Forestry (69 Cong. Rec. 679); passed Senate (69 Cong. Rec. 4635); referred to House Committee on Military Affairs and reported with amendment (H. Rept. 1095); minority views (H. Rept. 1095, part 2, 70th Cong. 1st sess., 69 Cong. Rec. 5708, 6426); amended and passed House (69 Cong. Rec. 8883); conference report submitted in House (H. Rept. 1786, and H. Rept. 1844, 70th Cong., 1st sess., 69 Cong. Rec. 9341, 9745); conference report submitted in Senate (S. Doc. 118 and S. Doc. 142, 70th Cong., 1st sess., 69 Cong. Rec. 9280, 9590); agreed to in Senate (69 Cong. Rec. 9842); agreed to in House (69 Cong. Rec. 9949–9958). Pocket vetoed by President.

Bills introduced but not reported back by committees:

H. R. 10028, introduced by Rep. Morin.
H. R. 12448, introduced by Rep. Morin.
H. R. 44, introduced by Rep. Madden.
H. R. 8305, introduced by Rep. Madden.
H. R. 6031, introduced by Rep. Bell.
H. J. Res. 105, introduced by Rep. La Guardia.
H. J. Res. 294, introduced by Rep. Snell.
S. 2786, introduced by Senator Willis.
S. 839, introduced by Senator McKellar.

Hearings: The House Military Affairs Committee considered and rejected all private bids, reported an amendment in nature of substitute for Norris bill; provided Government operation; properties might subsequently be leased to private concerns.

2nd Session, December 3, 1928–March 3, 1929

H. R. 8305, introduced by Rep. Madden in 1st session, authorizing lease to American Cyanamid Co., reported by minority of House Committee on Military Affairs (H. Rept. 2564; minority views, H. Rept. 2564, part 2, 70th Congress, 2nd sess., 70 Cong. Rec. 3601, 3632, 4616). No action in House.

Senator Norris withheld bill pending decision of Supreme Court on "pocket veto" case (*Okanogan Indians* vs. *U. S.*)

Bills introduced but not reported by committees:

S. 5218, introduced by Senator McKellar.
H. R. 17130, introduced by Rep. Langley.
H. J. Res. 370, introduced by Rep. Crisp.

71ST CONGRESS

1st Session, April 15–November 22, 1929

The U. S. Supreme Court held, in effect, that a pocket veto at the end of any session of Congress was valid (S. Doc. 15, 71st Cong., 1st sess., 71 Cong. Rec. 2185–9).

S. J. Res. 49, introduced by Senator Norris for the creation of a Government corporation for the operation of Muscle Shoals properties; referred to Senate Committee on Agriculture and Forestry (71 Cong. Rec. 2060); reported back without amendment with recommendation for passage (S. Rept. 19, 71st Cong., 1st sess., 71 Cong. Rec. 2148, 2219).

Bills introduced but not reported back by committees:

S. 1302, introduced by Senator Black.
S. 1303, introduced by Senator Black.
S. 813, introduced by Senator McKellar.
S. 815, introduced by Senator McKellar.
H. R. 2826, introduced by Rep. Hogg.
H. R. 744, introduced by Rep. Wright.

2nd Session, December 2, 1929–July 3, 1930

S. J. Res. 49, introduced by Senator Norris and reported favorably by Senate Committee on Agriculture and Forestry in 1st session, amended and passed Senate (72 Cong. Rec. 6511); referred to House Committee on Military Affairs (72 Cong. Rec. 6748); amended and passed House (72 Cong. Rec. 9767); disagreement on amendments and sent to conference (72 Cong. Rec. 9774, 10072).

S. J. Res. 205, introduced by Senator Norris, relating to sale of power generated by Government at Dam No. 2, at Muscle Shoals; referred to Senate Committee on Agriculture and Forestry (72 Cong. Rec. 12037); reported back; passed Senate (72 Cong. Rec. 12165, 12384); referred to House Committee on Military Affairs. Debated but not acted upon.

Bills introduced but not reported back by committees:

H. J. Res. 142, introduced by Rep. Almon.
H. J. Res. 218, introduced by Rep. Reece.
H. R. 11585, introduced by Rep. Douglas.
H. R. 11877, introduced by Rep. McSwain.
H. R. 5628, introduced by Rep. Langley.
H. R. 10132, introduced by Rep. Hogg.
S. Res. 303, introduced by Senator Black.
H. Res. 273, introduced by Rep. Hill.
H. Res. 276, introduced by Rep. Almon.

3rd Session, December 1, 1930–March 4, 1931

S. J. Res. 49 (Norris bill) conference report submitted in the House (H. Rept. 71st Cong., 3rd sess., 74 Cong. Rec. 5548); agreed to in House (74 Cong. Rec. 5571); conference report submitted in Senate (S. Doc. 272, 71st Cong. 3rd sess., 74 Cong. Rec. 5346); agreed to in Senate (74 Cong. Rec. 5710-16). Vetoed by President (S. Doc. 321, 71st Cong., 3rd sess., 74 Cong. Rec. 7046). Veto sustained (74 Cong. Rec. 7098).

Bills introduced but not reported back by committees:

S. 6278, introduced by Senator Kean.
H. R. 14920, introduced by Rep. McSwain.

72ND CONGRESS

1st Session, December 7, 1931–July 16, 1932

S. J. Res. 15, introduced by Senator Norris, for the creation of a corporation for the operation of Government properties at Muscle Shoals; to authorize the letting of the properties under certain

conditions; referred to Senate Committee on Agriculture and Forestry (75 Cong. Rec. 206); reported back (S. Rept. 423, 72nd Cong., 1st sess., 75 Cong. Rec. 5526); substitute offered by Senator Bankhead (75 Cong. Rec. 11039).

H. R. 11051, introduced by Rep. Hill, to provide for leasing and other utilization of the Muscle Shoals properties; referred to House Committee on Military Affairs (75 Cong. Rec. 7344); reported back (H. Rept. 1005, 72nd Cong., 1st sess., 75 Cong. Rec. 7423); amended and passed House (75 Cong. Rec. 9670); referred to Senate Committee on Agriculture and Forestry (75 Cong. Rec. 9685); Not reported back.

Bills introduced but not reported back by committees:

H. R. 10887, introduced by Rep. Hill.
H. R. 6686, introduced by Rep. Almon.
H. R. 7529, introduced by Rep. Almon.
H. R. 6727, introduced by Rep. McSwain.
H. R. 7369, introduced by Rep. McSwain.
H. R. 9449, introduced by Rep. McSwain.
H. R. 9878, introduced by Rep. May.
H. R. 5622, introduced by Rep. Rich.
H. R. 9061, introduced by Rep. Rich.
H. R. 7251, introduced by Rep. Goss.
H. R. 6168, introduced by Rep. Lovette.
H. J. Res. 54, introduced by Rep. James.
H. J. Res. 167, introduced by Rep. Taylor.
H. J. Res. 200, introduced by Rep. Lovette.
S. 2164, introduced by Senator Kean.

Report of Muscle Shoals Commission. Message from President Hoover submitting report recommending leasing of Muscle Shoals properties for power and fertilizer production, Dec. 17, 1931 (S. Doc. 21, 72nd Cong., 1st sess., 75 Cong. Rec. 708, 718).

2nd Session, December 5, 1932–March 3, 1933

No action in this session of any nature on question of Muscle Shoals.

S. 1272, introduced by Senator Norris; to create a Government corporation to provide for navigation, flood control, reforestation, national defense, agricultural and industrial development of the Tennessee Valley; referred to Senate Committee on Agriculture and Forestry (77 Cong. Rec. 1460); reported favorably with amendments (S. Rept. 23, 73rd Cong., 1st Sess., 77 Cong. Rec. 1536).

H. R. 5081, introduced by Rep. Hill; to provide for defense; aid interstate commerce; provide flood control; by creating the Tennessee Valley Authority; referred to House Committee on Military Affairs (77 Cong. Rec. 2055); reported back (H. Rept. 48, 73rd Cong., 1st sess., 77 Cong. Rec. 2055); passed House (77 Cong. Rec. 2341); amended in Senate by substitution of Norris bill (S. 1272) and passed (77 Cong. Rec. 2808); House disagrees to Senate amendments and bill goes to conference. Conference report submitted in Senate (77 Cong. Rec. 3374); agreed to (77 Cong. Rec. 3474); conference report submitted in House (H. Rept. 130, 77 Cong. Rec. 3423, 3554); agreed to (77 Cong. Rec. 3600); approved by President (Public, No. 17, 73rd Cong., 1st Sess., 77 Cong. Rec. 3764).

Bills introduced but not reported back by committees:

H. R. 1609, introduced by Rep. Hill.
H. R. 1672, introduced by Rep. McSwain.
H. R. 4859, introduced by Rep. McSwain.
H. R. 4860, introduced by Rep. Almon.
H. R. 4861, introduced by Rep. Hill.
H. R. 4883, introduced by Rep. Rankin.
H. R. 139, introduced by Rep. May.
H. J. Res. 38, introduced by Rep. Taylor.
H. J. Res. 79, introduced by Rep. Rankin.

APPENDIX G

SUMMARY OF STATUTES TO IMPROVE NAVIGATION ON THE TENNESSEE RIVER, AND PROJECTS THEREUNDER,[2] 1852–1930

1852, Rivers and Harbors Act of August 30 (c. 104, 10 Stat. 56, 60):

The project provided for securing a depth of 2 feet at extreme low water from Knoxville to Kellys Ferry (22.4 miles below Chattanooga) by contraction works and by the excavation of a small amount of rock and gravel, and the removal of loose rocks, logs, snags, etc., and provided for supplying the necessary aids for "warping" the boats through swift water.

1868, Rivers and Harbors Act of July 25 (c. 233, 15 Stat. 171, 174):

This project contemplated securing a channel 3 feet deep at low water between Chattanooga and Decatur and between Florence and the mouth of the river by channel excavation, by contraction works, and by the removal of isolated objects. Apparently the width contemplated was 100 feet.

1871, Rivers and Harbors Act of March 3 (c. 118, 16 Stat. 538, 542):

This project provided for the construction of 2 canals to surmount Elk River Shoals and Little Muscle Shoals and the enlarging of the canal around Big Muscle Shoals which had been completed by the State of Alabama in 1836 and had fallen into decay. The necessary dams and locks were included. The project was revised at various times and as finally constructed consisted of a canal

[2] As shown by official records of War Department.

with 9 locks and an aqueduct at Big Muscle Shoals and a canal with 2 locks at Elk River Shoals providing a depth of 5 feet at low water. Channel excavation and contraction works were contemplated to provide the same depth in the sections above and below the canal as were available in the river above and below the Muscle Shoals section.

1872, Rivers and Harbors Act of August 18 (c. 416, 17 Stat. 370, 372):

This act modified the act of August 30, 1862, and provided for securing a channel 3 feet deep and 140 feet wide at extreme low water over all of the shoals between Knoxville and Chattanooga by the removal of sand, gravel, snags, isolated rocks and boulders, and a small amount of solid rock, and by the construction of contraction works.

1890, Rivers and Harbors Act of September 19 (c. 907, 26 Stat. 426, 445, 446):

Authorized the protection of Livingston Point at the mouth of the river. The plan adopted was the revetment of the banks with stone and brush and the construction of a pile-and-stone dike along the crest of the weakest point, where the Ohio River cut through at high stages.

The project further provided for surmounting Colbert and Bee Tree Shoals by the construction of a lateral canal 8.08 miles long, 112 feet wide at the bottom and 7 feet deep at extreme low water; with a lift lock at the lower end of the canal.

1894, Rivers and Harbors Act of August 18 (c. 299, 28 Stat. 338, 354):

This act extended the scope of the previous one (1890) so as to provide for the removal of snags and other obstructions to navigation below Riverton. The Annual Report of the Chief of Engineers for 1901 states that the project is to obtain by dredging a low-water channel not less than 5 feet deep and 150 feet wide.

The act also adopted a project for the section of the river between Chattanooga and the junction of

the Holston and French Broad Rivers. The plan of improvement was the same as that under the act of 1872. The object was to improve the river to best advantage without attempting to obtain the full 3-foot depth at first, except where blasting was required.

1904, Act approved April 26 (33 Stat. 309):

Provided for the construction by the Chattanooga and Tennessee River Power Company of a lock, dam, and power house at Hales Bar, the dam to give a pool 6 feet deep at low water up to Chattanooga, the United States to provide plans, supervise the construction, and furnish the gates, valves, operating machinery, and other appurtenances of the lock.

1907, Rivers and Harbors Act of March 2 (c. 2509, 34 Stat. 1073, 1093):

The act provided for a channel 5 feet deep and of suitable width between Hales Bar lock and Lock A of the Elk River Shoals Canal to be obtained by open-channel work.

1910, Rivers and Harbors Act of June 25 (c. 382, 36 Stat. 630, 652):

Modified the previous project (1907) to include the improvement of the reach of river between Florence Bridge and the head of Colbert Shoals. The width of the channel in this section to be 150 feet.

1912, Rivers and Harbors Act of July 25 (c. 253, 37 Stat. 201, 215):

Provided for securing by dredging and contraction works, a channel 150 feet wide and 6 feet deep at ordinary low water, or 5 feet deep at extreme low water, through all the shoals in the 21.3-mile section, Florence to Colbert Shoals.

The act further provided for a lock and dam at the foot of Caney Creek Shoals, to provide 6-foot navigation at extreme low water for a distance of 24.6 miles and for securing throughout the remainder of the section, Chattanooga to the head of

the river, by rock excavation, by dredging, and by contraction works, a channel 150 feet wide and 3 feet deep at extreme low water.

1916, Rivers and Harbors Act of July 27 (c. 260, 39 Stat. 391, 399):

The project provided for the canalization of the river between Hales Bar and Browns Island, the type of dam to be decided by the Secretary of War. On April 30, 1919, he decided in favor of two low dams, with locks, to be constructed at Widows Bar and Bellefonte Island to provide a 6-foot depth at extreme low water from Bellefonte Island to Hales Bar Lock and Dam. The project also provided for open channel work by dredging and by contraction works to obtain a channel 150 feet wide and 5 feet deep at extreme low water between the head of Browns Island and Bellefonte Dam.

1916, Section 124, National Defense Act of June 3 (c. 134, 39 Stat. 166, 215):

This act authorized the construction of Dam No. 2, Muscle Shoals, together with a flight of 2 locks and a power house.

1925, Rivers and Harbors Act of March 3 (c. 467, 43 Stat. 1186, 1188):

This act provided for the construction of Lock and Dam No. 1, extending from the north bank of the river to Patten Island to secure in the north channel of the river a maximum depth of 9.5 feet at extreme low water stage to the lower lock at Dam No. 2 (Wilson Dam), a distance of 2.5 miles.

1930, Rivers and Harbors Act of July 3 (c. 847, 46 Stat. 918, 927, 928):

This act provides for a channel 9 feet deep at low water from the mouth to Knoxville, Tenn., a distance of 652 miles, to be obtained by the construction of low dams, provided, that under the provisions of the Federal Water Power Act a high dam with locks may be substituted for any two or more of the low dams and built by private interests, States, or municipalities; and provided fur-

ther, that in case high dams are built before the United States shall have built the projected locks and low dams which are to be replaced, the United States shall contribute to the cost of the substituted structures an amount equal to the estimated cost of the works of navigation for which substitution is made.

The estimated cost of the project was $74,709,000. Congress is adopting the project limited expenditures thereon to $5,000,000.

APPENDIX H

THE RIVERS AND HARBORS ACT OF 1930 (C. 847, 46 STAT. 918, 927–28)

The project for the permanent improvement of the main stream of the Tennessee River for a navigable depth of nine feet in accordance with the recommendations of the Chief of Engineers in House Document Numbered 328 of the Seventy-first Congress, second session, is hereby authorized: *Provided,* That an expenditure of $5,000,000 shall be authorized to be appropriated for the prosecution of work under this project: *Provided further,* That the Chief of Engineers is hereby directed to ascertain and report to Congress on the first day of the first regular session of the Seventy-second Congress, advising the prospective cooperation offered by responsible interests, under the Federal Water Power Act, in the program of construction recommended by the Chief of Engineers, providing for the nine-foot project by means of high dams.

APPENDIX I

SECTION 5 OF ACT OF APRIL 16, 1906 (C. 1631, 34 STAT. 117), AMENDING RECLAMATION ACT OF 1902 (C. 1093, 32 STAT. 388)

SEC. 5.—That whenever a development of power is necessary for the irrigation of lands under any project undertaken under the said reclamation Act, or an opportunity is afforded for the development of power under any such project, the Secretary of the Interior is authorized to lease for a period not exceeding 10 years, giving preference to municipal purposes, any surplus power or power privilege, and the moneys derived from such leases shall be covered into the reclamation fund and be placed to the credit of the project from which such power is derived: *Provided,* That no lease shall be made of such surplus power or power privilege as will impair the efficiency of the irrigation project.

APPENDIX J

REPORT OF THE COMMISSIONER OF RECLAMATION, 1932

RECLAMATION TABLE 19.—*Power plants operated on Bureau of Reclamation projects during fiscal year 1931–32*

Project	Name of plant	Outgoing line voltage	Plant capacity (kilovolt-amperes)	Number of units	Head in feet	First cost of plant	Cost of operation and maintenance	Estimated depreciation	Cost per kilowatt-hour exclusive of depreciation	Distribution of kilowatt-hours generated: Sold to consumers	Irrigation and drainage requirements	Used for other purposes	Losses	Total output, kilowatt-hours	Gross power sales
Boise	Black Canyon.	[1] 66,000	10,000	2	74–86	$414,317.21	$10,350.01	$15,291.07	$0.00029	12,388,000	23,247,000	661,000		[2] 36,296,500	$83,138.51
	Boise River	22,000	1,875	3	20.4–25.7	167,905.37	3,372.65	5,876.69	.00307		1,097,701			1,097,701	8,533.94
Minidoka	Minidoka	33,000	10,000	6	46.77	784,778.13	24,764.74	24,396.00	.00043	[3] 19,857,077	[3] 26,053,710	8,910,874	4,065,366	58,245,000	164,871.51
	American Falls (2 plants). [4]	33,000	540	1	44	[4] 76,975.00									
Newlands [5]	Lahontan [7]	{33,000 66,000 2,300}	1,875	3	105–110	141,886.01	6,230.50	4,260.00	.00290	1,428,900	98,703	621,637		2,149,240	7,412.14
North Platte	Guernsey	33,000	6,000	2	70–90	454,244.27	13,844.20	8,035.00	.00102	19,934,138	12,920	305,373	2,128,839	{13,550,000 8,825,250}	244,050.22
	Lingle	33,000	1,750	4	106	184,791.74	12,508.75	5,200.00	.00142						
Rio Grande	Elephant Butte.	2,300	150	1	18–180	8,440.50	1,970.04	None	.022	None	None	90,800	Unknown	90,800	None
Riverton	Pilot Butte	33,000	2,000	2	103	218,962.14	25,406.11	7,800.00	.01737	1,005,730	None	267,595	189,615	1,462,940	22,623.77
Salt River	Horse Mesa	110,000	33,300	3	265	754,885.13	32,047.97	37,744.25	.00035					{91,229,000	
	Roosevelt	110,000	19,250	7	70–240	1,235,894.58	60,091.92	64,794.73	.00261					23,059,000	
	Stewart Mountain.	45,000	13,000	1	35–114	320,371.98	12,486.24	16,018.69	.00056					22,200,000	
	Mormon Flat	110,000	8,750	1	40–150	482,767.80	12,539.54	24,138.39	.00040	[6] 185,484,347	[6] 22,372,620	[6] 167,437	[6] 33,200,790	31,103,000	2,094,616.40
	Crosscut	{11,000 40,000}	5,250	6	111	755,147.29	20,075.70	37,757.36	.00171					11,755,600	
	South Consolidated.	40,000	2,000	2	34	163,139.60	10,822.63	8,156.98	.00144					7,497,400	
	Arizona Falls.	11,000	1,060	2	19	109,500.73	8,075.24	5,475.04	.00325					2,487,925	
	Chandler	11,000	600	1	40	91,990.84	8,690.00	4,599.54	.00294					2,953,410	
Shoshone	Shoshone	33,000	7,000	3	220	746,505.72	13,168.38	26,085.42	.00245	4,529,170	None	87,889	761,651	5,378,710	69,962.83
Strawberry Valley [8]	Spanish Fork	11,000	1,000	2	123.5	60,904.80	20,634.70	3,627.48	.00660	2,833,479	None	11,334	283,348	3,128,161	38,824.24
Yakima-Sunnyside [8]	Rocky Ford	6,600	187	1	73	23,000.00	2,478.24	1,056.40	.00497	None	499,000	None	None	499,000	None
Yuma	Siphon Drop	33,000	2,000	2	9.88	317,936.09	12,212.35	13,248.00	.00139	7,275,404	1,023,076	88,783	379,586	[1] 8,766,849	68,426.52

NOTE.—For footnotes, see bottom of page 103.

RECLAMATION TABLE 20.—*Principal contracts for sale of power in force June 30, 1932*

Project	Contractor	Date of contract	Date of expiration	Reserved power (kilowatts)	Gross rate per kilowatt-hour (cents)	Minimum monthly payment	Gross income, fiscal year 1931-32	Remarks
Boise	Gem Irrigation District	Oct. 18, 1924	Oct. 18, 1934	1,000	Rental basis leased for standby service.			Served through Idaho Power Co. from Black Canyon power plant, covers Boise River power plant.
	Idaho Power Co	Apr. 10, 1930	Apr. 15, 1936					
	Ontario-Nyssa Irrigation District.	Apr. 11, 1931	Apr. 11, 1936	1,000				
Minidoka	City of Burley, Idaho	Jan. 1, 1930	Jan. 1, 1940	2,100	4-.5	$2,100.00	$54,772.45	
	City of Rupert, Idaho	do	do	1,300	4-.5	900.00	30,019.01	
	Paul Electric Co	Feb. 4, 1924	Mar. 31, 1934	150	4-.5	416.67	6,531.67	
	Village of Albion, Idaho	Jan. 1, 1931	Jan. 1, 1936	280	4-.5	103.68	6,271.67	
	Unity Light & Power Co	Mar. 1, 1932	Mar. 1, 1935	67	4-.5	89.24	4,023.18	
	Village of Declo	Oct. 1, 1930	Oct. 1, 1933	41	4-.5	59.04	2,980.33	
	Rural Electric Co	Apr. 1, 1932	Apr. 1, 1937	79	4-.5	43.85	2,126.23	
	East End Mutual Electric Co.	Feb. 1, 1928	Feb. 1, 1933	20	4-.5	31.68	1,710.54	
	Village of Heyburn, Idaho	Jan. 1, 1930	Jan. 1, 1933	80	4-.5	60.00	1,752.51	
	Village of Minidoka, Idaho	Feb. 5, 1924	Apr. 1, 1934	30	4-.5	150.00	1,848.95	
	Declo Light & Power Co	May 1, 1928	May 1, 1933	20	4-.5	31.68	1,578.66	
	Ferry Light & Power Co	Mar. 1, 1929	Mar. 1, 1934	15	4-.5	24.30	1,450.74	
	Amalgamated Sugar Co	May 1, 1932	May 1, 1933	39	4-.5	39.70	1,485.06	
	Acequia Mutual Electric Co	Dec. 1, 1930	Dec. 1, 1935	19	4-.5	30.10	1,134.37	
	West End Power Co	Jan. 1, 1931	Jan. 1, 1936	15	4-.5	24.30	984.05	
	Riverside Electric Co	Feb. 1, 1928	Feb 1, 1933	15	4-.5	24.30	1,029.79	
	40 small contracts	Various	Various		4-.5		11,337.80	
Newlands	Sierra Pacific Power Co	Jan. 29, 1923	Nov. 30, 1934	1,500	3-.4	[1] 1,200.00	7,412.14	Contract assigned by Canyon Power Co. to Sierra Pacific Power Co.
North Platte	Western Public Service Co	Oct. 29, 1927	Oct. 29, 1937	400	8-1	2,400.00	42,109.11	
	Mountain States Power Co., Casper, Wyo.	Nov. 13, 1931	Dec. 31, 1941	1,200	8-1	4,200.00	57,516.48	
	Town of Wheatland, Wyo	May 3, 1928	June 30, 1938	500	8-1	800.00	24,423.28	
	Colorado Fuel & Iron Co	May 18, 1925	Jan. 1, 1941	1,200	8-1	[1] 1,800.00	16,227.77	
	Town of Torrington, Wyo	Apr. 3, 1928	June 30, 1938	400	8-1	800.00	23,425.78	
	City of Gering, Nebr	Apr. 17, 1928	do	250	8-1	800.00	19,199.20	

	City of Mitchell, Nebr.	Apr. 30, 1928	do	250	8–1	800.00	15,575.08	
	Village of Morrill, Nebr.	May 1, 1928	do	150	8–1	300.00	11,262.71	
	Village of Lyman, Nebr.	Apr. 10, 1928	do	250	8–1	250.00	8,751.80	
	Town of Guernsey, Wyo.	May 17, 1928	do	150	8–1	450.00	6,685.55	
	Town of Lingle, Wyo.	Apr. 30, 1928	do	75	8–1	175.00	4,974.62	
	Mountain States Power Co., Yoder, Wyo.	July 15, 1928	Dec. 31, 1934	25	8–1	75.00	3,027.28	
	Town of Fort Laramie, Wyo.	May 7, 1928	June 30, 1938	25	8–1	50.00	1,559.31	
	Holly Sugar Corporation, Torrington, Wyo.	Apr. 7, 1932	May 1, 1937	75	2.5–1.5	None	1,388.50	
	Western Public Service Co., Huntley, Wyo.	Dec. 1, 1930	Dec. 31, 1935	75	8–1	187.50	3,646.44	
	2 small contracts	Various	Various	3	8–.5	Various	87.72	Each contract less than $1,000.
Riverton	Mountain States Power Co.	Mar. 5, 1929	Dec. 31, 1943	300	6–1	1,500.00	20,166.79	
Shoshone	do	July 1, 1930	July 1, 1940	1,000	2.5–.5	3,350.00	65,125.40	
	Farm Light & Power Co.	Aug. 15, 1928	Aug. 15, 1933	3	5–1	14.25	1,001.40	
	C. B. & Q. R. R. Co.	June 1, 1923	Jan. 11, 1934	20	6–1	30.00	1,803.14	
	2 small contracts	Various	Various	145	6–.5	Various	875.93	Do.
Strawberry Valley	Town of Spanish Fork, Utah.	May 1, 1928	May 1, 1931	185	6–.75	740.00	13,415.79	A new contract is being made.
	Town of Payson, Utah.	Feb. 5, 1932	Feb. 4, 1935	125	6–.75	500.00	12,438.14	
	Utah Packing Corporation.	Jan. 1, 1926	Jan. 1, 1933	385 and 20	6–.75	577.50–30.00	4,882.26	
	Town of Springville, Utah.	June 18, 1931	June 17, 1932	[1]	2.2–1	None	4,004.61	Do.
	Town of Salem, Utah.	Feb. 5, 1932	Feb. 4, 1935	15	6–.75	60.00	1,747.47	Do.
	Several small contracts	Various	Various		Various	Various	2,335.97	Each contract less than $1,000.
Yuma	Southern Sierras Power Co.	July 14, 1926	July 14, 1936	To production limit	1–.75		54,503.47	
	2 small contracts	Various	Various		4–1		1,284.10	Do.

[1] April to September, inclusive.
[2] Minimum payment guaranteed on annual basis.

Footnotes to Recamation Table, on page 101.
[1] 6,600-volt generators; all others 2,300 volts except as noted.
[2] Entire output delivered to Idaho Power Co.
[3] West Side plant operated only in case of emergency; not operated since 1927. Island plant dismantled, first cost included.
[4] Estimated.
[5] Includes purchased power.
[6] Operated by irrigation district or water users' association.
[7] Operated by Sierra Pacific Co. under lease assigned by Canyon Power Co.
[8] 11,000-volt generators.
[9] All 8 power plants feed into the same distribution system.

APPENDIX K

PERTINENT LEGISLATION OF STATE OF ALABAMA

ALABAMA ACTS, EXTRA SESSION 1933, NO. 105

AN ACT To authorize cities, towns and municipalities to construct, lease, purchase or otherwise acquire power lines for the transmission of electricity from any point in this State or any other State for the purpose of serving its citizens, and granting the right of eminent domain to such municipalities.

Be it enacted by the Legislature of Alabama:

SECTION 1. Cities, towns and other municipalities in this state are authorized to construct, lease, purchase or otherwise acquire power lines for the transmission of electricity from any point in this State or any other State to said city or other municipality for the purpose of serving the needs of its citizens.

SECTION 2. For the purposes of this Act Cities and municipalities may exercise the right of eminent domain in acquiring title to land for right-of-ways, power stations and other purposes necessary to the operation of said transmission lines. Such eminent domain proceedings shall be conducted in the manner now provided by law.

Approved April 6, 1933.

AN ACT To authorize counties, municipal corporations, and cities within this State to acquire by purchase, construction, condemnation and/or otherwise electric light plants, power plants, power lines, transmission lines and power distributing systems and to maintain, improve, extend and operate public utilities and to borrow money for said purposes and to provide for the securing and repayment of such money with interest.

Be it enacted by the Legislature of Alabama:

SECTION 1. That any county, municipal corporation, city within this State is hereby authorized and empowered to acquire by purchase, construction, condemnation and/or otherwise and to maintain, extend, improve and/or operate electric light plants, power plants, power lines and electric distribution systems together with the extension and the appurtenances thereto and all of the property, tangible and intangible, and of like or different kind, to be used or useful in connection therewith, either within or without, or partly within and partly without, the corporate limits of such city or the boundaries of such county, under the provisions of this Act for the purpose of producing, obtaining, distributing, and/or furnishing an adequate supply of electricity for public, industrial, business, domestic, light, power and/or other consumption within, or partly within and partly without the corporate limits of such city or the boundaries of such county. Franchise for the supply of said commodities, or any one or more of them, to other municipalities and/or to the inhabitants, industries and/or businesses therein shall be included within the properties which any city or county may

acquire under the provisions of this act, and such franchises may be acquired either from such other municipalities or from the owners of such franchises. All or any part of any existing electricity plant shall also be included in the properties which any city or county may acquire under the provisions of this act. Such city or county may acquire necessary or convenient rights-of-way within the city and without the city and within the County and without the County in order to reach any necessary or accessible source of power at a U. S. Government-owned Power Dam, or otherwise.

SECTION 1–A. Whenever any county, municipal corporation, or city, through its governing body, shall vote to take advantage of the authority herein granted, as a condition to the exercise of the authority herein granted it shall call an election, at which election the question of whether or not such county or municipality will enter upon the undertaking proposed by the governing body of the county or city will be voted upon. If the majority of the voters shall vote in the affirmative, then the county or municipal governing body shall proceed with the proposed undertaking in conformity with the provisions of this act and the law of the State pertinent thereto; but not otherwise. Such election shall be ordered, held, canvassed, and may be contested, in the same manner as is, or may be hereafter, provided by the law applicable to the authorization of municipal bonds.

SECTION 2. For the purpose of defraying the cost of acquiring such plants, or any one or more of them, or any part or any part or parts thereof, and making improvements and extensions thereto, either by purchase, construction, condemnation, or otherwise, any such city may borrow money from the Reconstruction Finance Corporation, or from any other lender whomsoever, in such amount or amounts as the governing body of such city may

deem necessary or expedient, but no such city that has reached or exceeded its constitutional debt limit which borrows money under the authority of this act shall bind its general credit, or incur any personal liability, or charge any general or special fund other than that herein authorized, or charge any property other than that herein authorized, for the repayment of such borrowed money, or the payment of interest thereon.

SECTION 3. Any such city which borrows money under the authority of this act may pledge, create a lien upon, and mortgage, any such plants, or any one or more of them, or any part or parts thereof, together with the extensions, improvements and appurtenances thereto and all other property, tangible or intangible, and of like or different kind, including franchises, acquired, constructed or installed by means of money borrowed under the authority of this act, and also all or any part of the revenues derived from the operation of such plants, or any one or more of them, or any part or parts thereof, as security for the repayment of such borrowed money, with interest.

SECTION 4. In addition, and for the further security of the lender, any such city which has borrowed money under the authority of this act may enter into a contract, or contracts, with the lender binding itself for the proper application of money borrowed from such lender, and for the operation and maintenance of any such plants, or any one or more of them, or any part or parts thereof, and for the imposition, collection, safeguarding, application, disposition and/or remittance or reasonable rates, electricity supply and service, and for the promulgation of reasonable regulations relating to rates and service, and for any other act, series of acts, duty or thing, not inconsistent with the provisions of this act, for the protection of the lender's loan and the assurance of a reasonable return upon the properties in which such loan is invested,

out of which operating expenses and the principal and interest of such loan may be met. But no municipal corporation acquiring or constructing any electric light plant or electric distributing system under the provisions of this act, nor receiver of any such electric light plant or distributing system shall charge any rate for electric supply and service that is higher than the rate for similar electric supply and service that has been authorized and approved by the Alabama Public Service Commission for public utility companies operating in cities of approximately the same size in Alabama.

SECTION 5. Any such city which borrows money under the authority of this act may evidence the loan by an instrument, or instruments, in such form and of such tenor and maturity as may be agreed upon between lender and borrower, but no such instrument shall purport, or be effective, to impose upon the borrower, or the borrower's funds or property, any liability in excess of, or inconsistent with, the liability authorized to be assumed by this act.

SECTION 6. Neither this act, nor anything herein contained, shall be construed as a restriction or limitation upon any power or right which any such city may have in the absence thereof, but shall be construed as cumulative of any such power or right. Nor shall any enumeration of subjects herein be construed to exclude any subject which is embraced within any general language or this act.

SECTION 7. If, for any reason whatsoever any section or part of this act shall be declared invalid, the invalidity of such section or part shall not affect the validity of the remainder of this act.

SECTION 8. The provisions of this Act are to be considered cumulative and for the purpose of further enabling counties, cities and municipal corporations in the State of Alabama to avail themselves either by purchase, construction or selves either by purchase, construction, or condemnation of power-distributing systems and

transmissions lines in acquiring power from the United States Government or other owned power stations such as that now located at Wilson Dam, Alabama, and for the purpose of borrowing money to defray the expenses of same and securing its repayment.

Approved April 6, 1933.

An Act To further limit and define the authority, powers, and jurisdiction of Alabama Public Service Commission so as to exempt therefrom certain Federal agencies, instrumentalities, and corporations; to define such Federal agencies, instrumentalities, and corporations as nonutilities and to authorize other utilities to sell, lease, or otherwise dispose of their property to such nonutilities

Be it enacted by the Legislature of Alabama:

SECTION 1. *All Federal Agencies,* instrumentalities or corporations, owned by the United States and all corporations or joint stock companies in which the United States or any of its departments, establishments or agencies own more than fifty percent (50%), of the voting shares of stocks, *are nonutilities* within the meaning of this Act.

SECTION II. *The Alabama Public Service Commission* or like body, *shall not have any jurisdiction,* authority, power, or control in any respect whatsoever, *over any of the nonutilities as defined in this Act.*

SECTION III. Any utility, as defined by Section 9742 of the Code of Alabama of 1923, may sell, lease, or otherwise dispose of any or all of its property, including without limitations, any franchise, right, contract, business, goodwill, capital stock, and all other assets to any nonutility as defined in this Act, without the approval or consent of the Alabama Public Service Commission, or like body or other agencies of the State of Alabama.

SECTION IV. If any section, clause, or other provision of this Act, or the application thereof, shall, for any reason be invalid, the same shall not affect

the validity of any other section, sentence, or clause of this Act.

SECTION V. All the provisions of this Act shall become effective immediately upon the approval of the Governor.

SECTION VI. All laws or parts of laws in conflict with any provisions of this Act are hereby expressly repealed.

Approved January 24, 1935.

84534—35——8

An Act to authorize Municipal Corporations, Counties, Towns, Cities, Public Power Districts, or Improvement Authorities owning and/or operating or authorized to acquire and/or operate, electric generation, transmission, and/or distribution systems to enter contracts with certain governmental agencies for the acquisition of such systems and/or for the purchase and sale of electric energy, providing for the covenants, terms, and conditions which may be stipulated or agreed to in any such contract, and validating any such contracts heretofore entered and any such covenants, terms, and conditions heretofore stipulated or agreed to

Be it enacted by the Legislature of Alabama:

SECTION 1. Any Municipal Corporation, County, City, Town, Power District, or Improvement Authority within the State, hereinafter called "Municipality", owning and/or operating or heretofore or hereafter authorized to acquire and/or operate any electric generation, transmission, and/or distribution system is hereby authorized to contract with any federal agency, or authority, or with any corporation owned by the United States for the acquisition of any such system or part thereof and/or the purchase or sale of electric energy, and in any such contract to stipulate and agree to such covenants, terms, and conditions as the governing body or board of the municipality may deem appropriate, including but without limitation, covenants, terms, and conditions in respect to the resale rates, financial and accounting methods, services, operation and maintenance practices and the manner of disposing of the revenues of any such system, and to comply therewith, and any such con-

tract heretofore entered, and any such covenants, terms, or conditions heretofore stipulated or agreed to are hereby expressly validated.

SECTION II. Nothing herein contained shall be construed as a restriction or limitation upon any authority, power, or right which any municipality may have in the absence hereof; this Act shall be construed as cumulative and shall be in addition and supplemental to any power, authority, or right conferred by any other law.

SECTION III. This Act is remedial in nature, and any power, authority, or right hereby conferred shall be liberally construed; and to this end every municipality shall have the power, authority, and right, in addition to those expressly conferred hereby, to do all things necessary or convenient in carrying out the purposes hereof.

SECTION IV. If any section, sentence, clause, or provision of this Act or any application thereof shall be held invalid, the validity of any other section, sentence, clause, or provision hereof or of any other application shall not be affected.

SECTION V. This Act shall become effective immediately upon its passage and approval.

Approved June 26, 1935.

U. S. GOVERNMENT PRINTING OFFICE: 1935